

CZECH REPUBLIC COUNTRY COMMERCIAL GUIDE – FY2002

1. EXECUTIVE SUMMARY

Note: The Country Commercial Guide (CCG) presents a comprehensive look at the Czech Republic's commercial environment, using economic, political, and market analysis. Country Commercial Guides were established by recommendation of the Trade Promotion Coordinating Committee (TPCC), a multi-agency task force, to consolidate reporting documents prepared for the U.S. business community.

Like other Central European countries emerging from the Soviet era, the Czech Republic is entering the final stage of its post-Communist industry restructuring. The telecommunications and energy sectors will be privatized over the next year, and continued reforms are gradually improving the transparency and user-friendliness of the central government. The Republic's drive to gain EU accession has brought with it waves of EU-compliant reform legislation. The EU is requiring the Czech Republic, like other EU-accession countries, to make substantial investments in infrastructure and environmental protection to bring the country in line with EU norms. (A parallel process is taking place in the Czech Ministry of Defense as the country seeks to meet NATO goals and commitments.) The restructuring Czech manufacturing sector -- with unused factories, and a skilled workforce -- is rapidly becoming a strong, low-cost competitor and supplier for established Western European firms. German manufacturers -- followed by other Western European and some U.S. firms -- are establishing both greenfield and joint venture manufacturing projects to take advantage of the Republic's future EU positioning.

These enormous changes, taking place in a still unsaturated market, offer major opportunities for U.S. companies:

First, the Czech Republic is becoming **a wealthier market**. The Czech Republic is experiencing a pre-accession growth spurt, hitting 2.9 percent growth in 2000 and expected 3 percent growth in 2001. The Czech Republic has the highest standard of living and per capita disposable income of any EU accession country.

Second, the Czech Republic must make **major investments in infrastructure and environment** to meet EU requirements. U.S. firms with Czech partners can participate in these projects.

Third, as an EU member, the Czech Republic will give U.S. firms **tariff-free access to the EU**. By finding a strategic partner in the Czech Republic -- perhaps doing value-added assembly work in a local factory -- U.S. firms could potentially sell their goods from within the EU, rather than struggling against regulatory hurdles and unfavorable tariff regimes.

The U.S. Commercial Service at the U.S. Embassy in Prague helps American companies explore business opportunities here. The most important first step is finding a local partner. Because the importance of building person-to-person relationships in this

European market, we recommend U.S. executives visit Prague themselves, using the Commercial Service's Gold Key program or joining a trade mission. Executives may wish to combine their first visits to Prague with introductory visits to other nearby EU accession countries, such as Slovakia, Poland, or Hungary. The Commercial Service website, www.usatrade.gov, contains market research and trade leads helpful to incoming companies.

2. ECONOMIC TRENDS AND OUTLOOK

A. Economic Trends

Since the Velvet Revolution in 1989, the Czech Republic has transformed itself into a western-oriented market economy with more than 80 percent of enterprises in private hands. The economic outlook for 2001 and 2002 is positive, with growth of around three percent expected each year. Inflation, currently running around four percent annually, remains low, and unemployment has fallen to eight percent. There exist, however, several threats to continued strong economic growth in the medium-term. The most serious of these is the rapidly accelerating general government budget deficit, now measuring 9.4 percent of GDP. Certain structural reforms, namely judicial reform, a new bankruptcy law and privatization of remaining state-owned enterprises, also remain incomplete.

B. Growth sectors

Foreign investment has played a major role in the development of the Czech economy by providing both management expertise and the capital needed to restructure Czech firms. While foreign capital flows from the European Union are considerable, the United States remains the fourth largest investor in the Czech Republic, with \$3.2 billion of planned investment as registered by CzechInvest, an investment promoting agency, on a cumulative basis since 1990. The Czech National Bank's figure for actual U.S. FDI inflows in 1990 through 2000 is \$1.2 billion. Expectations are that U.S. firms will continue to profit from the Czech Republic's economic transformation, as major upgrades of pollution control equipment, telecommunications equipment and services, energy production and distribution, housing and municipal infrastructure and medical services continue. Plans to privatize government firms in the energy sector, and eventually, the transport sector, will also bring additional opportunities. The Czech Republic's principal imports include telecommunications equipment, specialized metalworking machinery, non-ferrous metals, plastics, chemicals and transport equipment.

C. Government Role in the Economy

While nearly 80 percent of output is produced by the private sector, the government, through the National Property Fund, still holds majority or significant stakes in several large Czech enterprises, notably firms in the energy, transportation and communications sectors. The government's role is also evolving from owner to regulator in many of these sectors as privatization proceeds. For example, independent regulatory agencies have recently been established in telecommunications and energy sectors. The Czech 2001 general government budget measures 43 percent of GDP (expenditures). Non-

discretionary expenditures account for nearly 60 percent of the narrower government budget, with this percentage expected to rise steadily in the coming years.

D. Balance of Payments

The current account deficit worsened in 2000 (from \$2 billion to 3.5 billion, 4.8 percent of GDP), primarily due to a widening trade gap, as imports grew by 15 percent compared to a 10.5 percent increase in exports. Strong flows of foreign direct investment led to a surplus in the financial account, which more than covered the current account deficit. Total foreign direct investment flows equaled \$4.2 billion. The current account deficit is expected to worsen again next year though continued high flows of foreign direct investment should cover most of the gap.

E. Infrastructure.

Upgrading the Czech Republic's infrastructure, specifically telecommunications and transportation, is important for continued economic growth and development. Although recognized as a priority, the massive nature of these projects will require time and capital. Resources to finance the country's extensive development plans for the telecommunications industry include major loans provided by the European Bank for Reconstruction and Development (EBRD), European Investment Bank and both large local banks and foreign banks. The Dutch-Swiss consortium Telsource holds a 34.5 percent stake of the Czech telecommunications monopoly, Cesky Telecom, which is upgrading and expanding the telephone system. Cellular phone market penetration is also growing rapidly, with 4.3 million cellular phone users recorded in 2000.

The quality of Czech transport networks and systems, as well as rolling stock and vehicles, is generally below the standards of advanced European countries. All transport sectors, including railway, highway, inland waterway and air, have been targeted for infrastructure upgrade. Projects currently include a \$3.5 billion modernization of the rail system; a plan to modernize and extend the country's highway network; and plans to develop the river transport system for intensive usage by the container hauling industry. A new terminal at Prague's International Airport is scheduled for 2003 and plans are in the works for privatization and overhaul of Mosnov airport in Ostrava.

The infrastructure for e-commerce is slowly improving. There are currently 19 internet service providers which cover a majority of the Czech Republic. Statistics on homes with internet access vary widely, ranging from five to fifteen percent of the population, but all concur the availability of internet connections through a variety of options is on the rise. The legal infrastructure to support e-commerce, as well as the development of internet banking, will help improve the prospects for e-commerce.

F. Regional Economic Integration

Integrating the Czech economy into the West, specifically into the EU, remains a top government priority. The Czech Republic began negotiations on EU accession in 1998, and has set itself a target date of 2003 to be prepared for EU entry. In the meantime, the Czech Republic benefits from access to EU markets under an Association Agreement with the EU. Harmonization of Czech laws and standards with those of the EU continues as the country works toward eventual EU membership. The Czech

Republic maintains a customs union with Slovakia and is a member of the Central European Free Trade Association (CEFTA).

3: POLITICAL ENVIRONMENT

A. Nature of the Political Relationship with the United States

U.S.-Czech relations are excellent and reflect strong historical ties. The U.S. and the Czech Republic cooperate on a wide range of issues including the United Nations. The Czech Republic became a NATO ally in 1999. The U.S. supports Czech participation in Western economic and political institutions and has played a major role in facilitating the Czech Republic's transition to a market economy.

B. Major Political Issues Affecting the Business Climate

The Czech government is strongly supportive of foreign investment, and further integration with Western economic and political institutions remains a fundamental tenet of major political parties on both sides of the political spectrum. Overall, the current government has voiced support for further economic reforms, but internal divisions and its position as a minority government have limited its ability to tackle underlying structural issues affecting the economy.

Some European companies have sought to use the Czech Republic's interest in EU membership to gain advantage in commercial competition. Although Czech interest in EU accession is clear, the Czechs also desire a strong U.S. presence in the country.

American and other foreign business people often cite a convoluted -- or in some cases corrupt -- system at both national and local levels as impeding market access. Potential investors often must spend considerable time and effort to finalize a deal, or to enforce the terms of a contract, and the Embassy is sometimes asked to intercede on an American investor's behalf.

C. Relations Between the National and Local Governments

The Czech Republic introduced a new system of regional government in 2000, establishing 14 regional governments. Although the division of powers between the central and regional governments has yet to be finalized, it is expected that the regional governments will be responsible for health care, education, culture and transportation. Financing of the new regional governments also remains an open question, with various proposals currently circulating in government and Parliament.

D. Synopsis of Political System, Schedule for Elections, and Major Political Parties

The Czech Republic is a parliamentary democracy. President Vaclav Havel, the head of state, is an internationally recognized advocate of human rights and social justice. The Prime Minister is Milos Zeman, chairman of the left-of-center Social Democratic Party (CSSD). He heads a minority government. The main opposition party is the right-of-center Civic Democratic Party (ODS), headed by former Prime Minister Vaclav Klaus. Other opposition parties are the right-of-center Freedom Union (US) (which split from ODS in 1998), the centrist Christian Democratic Union (KDU-CSL) and the leftist Communist Party. The US and KDU-CSL, together with two other small right-of-center parties, have formed the "quad coalition." The next scheduled elections for the powerful Chamber of Deputies are in 2002.

4. MARKETING US PRODUCTS AND SERVICES

A. Marketing in the Czech Republic

The Czech Republic is geographically small, with 10 percent of the population and most decision makers concentrated in the capital city of Prague. It is a market where good personal relationships are crucial, and everyone seems to know everyone else. For a U.S. firm to build, at a distance, the close network of contacts and relationships needed to penetrate this market would be time-consuming and costly. Therefore, we recommend basing your approach on finding and supporting a Czech partner. More importantly from a strategic point of view, having a Czech partner will soon give you a Czech-based entry into the lucrative markets of the European Union -- bypassing the barriers that a U.S. firm would face going it alone. Since face-to-face contact is vital to doing business in this Central European country, we suggest participation in a trade mission and/or use of the Gold Key program (cost \$500) as good initial steps.

Once a partner is found, thorough follow-up and strong support are the next steps to gradually building a good market presence. For most small and mid-sized U.S. firms, offering a first container of goods on consignment is a good way to enter the market. Proceeds from the first container can go toward funding second and third containers, and gradually strengthening both market share and the partner relationship. Regular visits to the Republic will further strengthen market presence. The rest of this section will provide further details on entering the market.

B. Finding a Local Partner/Using Agents and Distributors

Finding a good local partner is key to successful entry into the Czech market. A partner on the ground can be your eyes and ears into emerging market opportunities. A joint U.S./Czech marketing approach to major projects and tenders will beat a U.S.-only approach hands down.

The quickest way into the market is to find a distributor with an existing distribution system who may welcome a new U.S. product that supplements an existing line. The best distributors work closely with their foreign suppliers to develop strategies tailored to the nuances of the local market, drawing on the distributor's knowledge of local pricing strategies, promotion techniques, and competition. In most cases, one distributor can provide coverage throughout the entire country for a related line of products.

This basic strategy -- with some nuances -- will work for most U.S. firms.

Larger U.S. firms: U.S. firms with larger pocketbooks and longer time frames may wish to work with a local partner to develop their own distribution systems -- a strategy that may offer larger long-term payback. Most large American companies with manufacturing facilities or subsidiaries in the Czech Republic (Colgate Palmolive, Wrigley and others) now have a network of regional sales managers and field sales personnel who oversee product marketing, distribution and retailing.

Services firms: U.S. professional services firms should consider teaming with Czech partners as a market entry strategy. U.S. firms seeking to market environmental

protection or other engineering services will be unable to compete for many Czech government or EU tenders without a local partner.

High-end retail firms: Because of the large concentration of Czech high-income population in Prague, U.S. firms selling high-value consumer goods may wish to consider investing in a well-positioned retail outlet in Prague, and using that as their main point of sale.

C. Checking Bona Fides of Business Partners

Due diligence on potential partners (as well as on suppliers, major clients, and other contacts) is important. Dun & Bradstreet (tel.: (420 2) 7103-1500, fax: (420 2) 7108-1530) and VVV Most, spol. s.r.o. (tel./fax: (420 35) 610-5888) offer profiles and financial information on Czech firms. The Commercial Service offers an International Company Profile service (cost \$500) that checks bona fides of Czech firms.

D. Retaining Professional Assistance

As in most markets, it is best to consult with local professionals before embarking on major ventures. Prague has a cadre of highly professional U.S. law firms, accountants, and consultancies that specialize in helping U.S. firms with market entry. We also suggest that U.S. companies new to the Czech market join the American Chamber of Commerce in Prague. (Executive Director, Weston Stacey, phone (4202) 2482-6551, E-mail: amcham@amcham.cz).

E. Protecting Your Product from IPR Infringement

The Czech Republic is a party to the Berne, Paris, and Universal Copyright Conventions. Please refer to Section VII.K., Protection of Property Rights, for additional information. Due to improvements in IPR protection, the Czech Republic was removed from the U.S. Congress' 301 Watch List in April 2001.

F. Distribution and Sales Channels

The Czech Republic has an increasingly modern, European-style distribution system, and a strong and growing cadre of increasingly professional sales agents and distributors in most market segments.

Consumer sector: Prague's winding cobblestoned streets are lined with tiny shops -- grocery stores, pharmacies, music stores, clothing stores, and bookstores. These small shops now face stiff competition from American-style supermarkets, European "hypermarkets," and shopping malls with broader selection, lower prices, extended weekend and evening hours (increasingly, 24-hour operation), and excellent customer service. Swedish IKEA, British TESCO, and German OBI and Baumax, among others, operate in multiple locations in Prague, and are rapidly expanding nationwide. No large U.S. retailers are present in the market. For some low-cost consumer goods products and services, companies have found success by building networks of direct, door-to-door or on-the-street sales personnel.

Industrial sector: Representative offices or industrial sales agents usually handle industrial sales. The cadre of agents has expanded rapidly in recent years. U.S. firms

will find agents to be very strong technically. Many will need help in developing marketing and customer service strategies. Margins for distributors are similar to those prevalent in Western European countries. Field sales representatives usually earn a base salary of anywhere from 20,000 to 25,000 crowns (\$5,000 to \$6,250) per month plus commission (anywhere from 5 to 10 percent depending on the product), and travel benefits (company car, travel allowance).

E-commerce sector: While Internet sales represent a small fraction of the Czech market, they are increasing rapidly, reaching \$70 million in 2000. Business-to-business sites, virtually unknown as recently as three years ago, are experiencing geometric growth and are becoming increasingly important and trusted. (See "L" below for key contacts.)

G. Advertising and Trade Promotion

Finding a good local distributor is the key to success in the Czech market. That being said, U.S. firms can spur sales through trade shows, in-country promotions, and advertising.

With a history dating back to the Middle Ages, trade shows are a European way of life. Both Prague and Brno host many international shows. A small booth is a good -- and comparatively low-cost way -- to find sales opportunities in the Czech Republic and neighboring countries.

A U.S. firm can craft a targeted advertising campaign to introduce new products or support established ones for a fraction of the cost of advertising in the U.S. Retain a local public relations/advertising firm to provide an integrated program. Foreign firms most often pay for in-country advertising, while their local distributors provide facilities, warehousing, and equipment.

While most U.S. firms should not place full reliance on web-marketing strategies, websites may supplement traditional marketing efforts. Even if you have a website, Czechs will expect to be given a traditional brochure or handouts, hopefully in Czech.

H. Product Pricing

Czech consumers and firms are very price-sensitive. In the consumer market, however, increasing incomes and the wealth of products in the market have led to a shift toward prestigious name brands -- over low cost competitors -- for certain high-end goods. U.S. firms are up against European competitors who have lower transport costs and (usually) lower import duties. A number of larger U.S. firms have lowered costs and improved sales prospects by doing some low-cost assembly or value-added production within the Czech Republic.

The Czech economy has traditionally been a cash economy, although credit card use has grown exponentially in the past year as bank regulations for the issuance of credit cards have been relaxed to near-Western standards. Three years ago, it was rare for a Czech consumer to use a credit card to make a purchase; today, virtually all professionals in major cities have at least one.

I. Sales Service and Customer Support

Almost all imported products and services sold in the Czech Republic are supported by either a U.S. subsidiary or a local representative. Customer support and after-sales services have become key components in the marketing mix of successful companies in the Czech Republic. Czech customers and firms are learning to expect knowledgeable sales people and reliable service.

J. Selling to the Government

The Czech government has a long shopping list as it seeks to modernize its military to meet NATO goals and commitments, upgrade its decaying infrastructure, and meet environmental and other EU requirements. Though the Czech government faces a continuing budget crisis, EU, U.S. Defense Department, and other international funds are available to help finance purchases. Both Czech federal government and major municipal governments are making increasing use of bond offerings to pay for infrastructure improvements. A new array of regional governments was established this year, albeit still lacking tax and bond-issuing authority.

The Czech government's current procurement law requires public tenders for major government and government-financed procurements. Tenders are publicized in the local daily press, particularly *Hospodarske noviny* (Economic News) and *Mlada Fronta Dnes* newspaper, as well as in the *Obchodni vestnik* (Trade Gazette) published by the Czech government. Major manufacturers of a particular product are usually notified directly. The period between calling and closing tenders is 180 days for internationally-financed procurements.

U.S. companies bidding on Czech government tenders must have their products approved for the Czech market. To gain approval, you must get your product tested by a local testing institute (i.e., the Electrotechnical Testing Institute, Research Institute for Motor Vehicles, or the Czech Telecommunications Office), then obtain a confirmation certificate from the Office for Standards and Meteorology. A local agent or distributor can be invaluable in handling the red tape of this process, which is exclusively conducted in the Czech language.

U.S. companies who find local Czech partners for joint bids should be increasingly competitive in tenders for environmental services, engineering services, and financial and management consulting services. Czech firms enjoy a 10 percent preference on bids. (Joint ventures between foreign and Czech firms are still considered "foreign" in government procurements, though new EU-mandated legislation will soon change this.) A newly placed emphasis on total value (rather than low cost) has lessened the disadvantages U.S. companies once had against lower-cost domestic and European firms. Lack of transparency throughout the procurement process remains an obstacle.

K. Other Market Entry Strategies

While most companies will find success with strategic partner or agent/distributor relationships, other techniques have been tried:

Franchising: The Czech Republic still lacks laws regulating franchising. Franchising, therefore, takes the form of a contract between two entities regulated by the Commercial Code pertaining to commercial contracts and sales and licensing agreements. McDonalds, KFC, and Dunkin Donuts have founded their own outlets in the Czech

Republic, although a slowly increasing number are now owner-operated franchises. While these initial outlets have done well catering to tourists and increasingly well-off Czechs, few Czechs have the capital or experience to invest in their own franchises, and typical master franchise networks have yet to develop. The Czech Franchise Association suggests the following best prospects for franchising: consumer and business services, hotels/travel/tourism, and real estate agencies.

Direct Marketing: Direct marketing has become a common way to distribute products in the Czech Republic, with Avon, Amway, Mary Kay Cosmetics, Oriflame, Herbalife and Lux leading the way. Direct marketers enable these firms to reach clients in small towns and the Czech countryside, where retail outlets are scarce. Both Amway's multi-level and Lux's one-level marketing approaches have worked here. Network marketing has started recently, with four successful "membership" stores in Prague, Brno, Plzen, and Ostrava. Since direct marketing appeared about eight years ago, an estimated 100,000 people have become involved, mainly working for foreign companies. Direct marketing is the main source of income for roughly 40,000 people. The Czech National Association of Direct Marketing was established to bring awareness of the international rules of direct marketing, such as the length of guarantees and the consumer's right to return a product.

Joint Ventures/Licensing: The Czech Republic has become an increasingly attractive destination for foreign investors seeking manufacturing and assembly operations. Greenfield and joint venture operations are the most common approaches. Although the law allows 100 percent foreign ownership, foreign companies are sometimes reluctant to acquire a Czech firm outright because of environmental or other long-term liabilities.

Establishing a Representative Office: If you wish to establish an office of your own, you must register your company at a local district office. To accomplish this, we suggest you work through a local service provider and attorney. Prague has a well-educated, multilingual population, many of whom have years of experience in working for Western firms. Although there is currently a labor shortage in the city, companies offering attractive salaries can be sure of securing a talented nucleus of local staff for a new office. Executive recruiting firms are active in Prague, though most executives use the time-honored word-of-mouth method in making hiring decisions. Typical wages are 35,000 Kc (\$875) to 50,000 Kc (\$1,250) per month for an office manager and 50,000 Kc (\$1,250) to 60,000 Kc (\$1,500) per month for a sales manager. Office space in the Prague 1 center, is pricey, with offices renting for \$17 to \$20 per square meter per year. As public transport is efficient, affordable, and reliable (and most employees will use it), companies with smaller pocketbooks may wish to consider locating to less expensive space outside the center.

L. Key Contacts

Major newspapers and business journals:

Mlada Fronta Dnes (largest national daily newspaper), tel.: (420 2) 2206-2111, fax: (420 2) 2206-2229, www.idnes.cz

Hospodarske noviny (daily business newspaper), tel.: (420 2) 3307-1111, fax: (420 2) 3307-2307, www.ihned.cz

Lidove Noviny (daily newspaper), tel.: (420 2) 6709-8271, fax: (420 2) 6709-8199,
www.lidovky.cz

Profit (weekly business newspaper), tel.: (420 2) 2421-3671; fax: (420 2) 2421-3670,
www.profit.cz

Ekonom (weekly business magazine), tel.: (420 2) 3307-1301; fax: (420 2) 3307-2002,
www.ihned.cz

Obchodnik (weekly business magazine), tel.: (420 2) 3307-1117, fax: (420 2) 3307-2009

The Prague Post (weekly English-language newspaper), tel.: (420 2) 9633-4400, fax:
(420 2) 9633-4450, www.praguepost.cz

Prague Tribune (bimonthly magazine, English/ Czech), tel.: (420 2) 5731-9155, fax: (420
2) 5731-9171, www.prague-tribune.cz

Prague Business Journal (weekly English-language), tel.: (420 2) 2426-1360, fax: (420
2) 2426-1361, www.pbj.cz

Metro (free daily newspaper distributed in Metro stations) tel.: (420 2) 2173-2030, fax:
(420 2) 2422-9775, 2421- 5228

Euro ekonomicky tydenik (economic weekly), tel.: (420 2) 5102-6107, fax: (420 2) 5732-
5905, www.euro.cz

Major B2B web sites:

<http://www.b2bcentrum.cz>

<http://www.b2b-kontakt.cz/>

<http://b2b.nobelius.com>

<http://www.b2b.cz/welcome/welcome.asp>

<http://www.abcb.cz/>

<http://www.glob2b.cz/>

<http://www.ematrix.cz>

<http://www.datapro.cz>

<http://www.demmax.cz>

<http://www.tucka.cz/b2b/>

<http://www.b2bexpander.com>

U.S. Advertising Agencies:

Leo Burnett Advertising, s.r.o., Tel.: (420 2) 5731-0506, Fax: (420 2) 5732-1563, E-mail: lb@leo.burnett.cz

MARK/BBDO, a.s., Tel.: (420 2) 2161-7201, Fax: (420 2) 231-4816, E-mail: lenka_gregorova@markbbdo.cz, www.bbdo.cz

Young&Rubicam, s.r.o., Tel.: (420 2) 2142-0111, Fax: (420 2) 2142-0122, E-mail: @eu.yr.com

McCann-Ericson, Tel.: (420 2) 2200-9111, Fax: (420 2) 627-1202, E-mail: jan.binar@mccann.cz, www.mccann.cz

Ogilvy & Mather, s.r.o., Tel.: (420 2) 2199-8111, Fax: (420 2) 2199-8825, E-mail: alex.herdt@ogilvy.cz, www.ogilvy.cz

DDB, a.s., Tel.: (420 2) 2101-3111, Fax: (420 2) 2101-3901, E-mail: ddb@ddb.cz, www.ddb.com

TBWA Praha, s.r.o., Tel.: (420 2) 2423-2151, Fax: (420 2) 2423-2108, E-mail: tbwa@tbwa.cz, bwa.cz

Grey Praha, s.r.o., Tel.: (420 2) 6679-8111, Fax: (420 2) 6679-8102, E-mail: grey@grey.cz

Selected Freight Forwarders:

Cechofracht, a.s., tel/fax: 420-2-8100-4129, www.cechofracht.cz

NH-Trans, s.r.o., tel: 420-69-612-2705, fax: 420-69-612-3660, info@nh-trans.cz, www.nh-trans.cz

Danzas, a.s., tel: 420-69-627-9211, fax: 420-69-627-9260, danzas@cz.danzas.co, www.danzas.cz

Schenker-BTL, tel: 420-2-2251-7356, fax: 420-2-2251-4234
paha.head@schenker-btl.cz, www.schenker-btl.cz

AFG Holding, tel: 420-5-4523-3108, fax: 420-5-4523-3809, randyse@afgholding.cz, www.afgholding.cz

5. LEADING SECTORS FOR US EXPORTS AND INVESTMENTS

(Exchange rate used throughout 1 US\$ = 38.6 Czech crowns. All figures are in millions of U.S. dollars. Figures are unofficial estimates based upon cited sources.)

1. **Telecommunication Services/Internet Infrastructure and Services**

| | 1999 | 2000 | 2001 |
|------------------------|-------|-------|-------|
| Total market size | 2,100 | 2,600 | 3,100 |
| Total local production | 1,580 | 1,700 | 1,860 |
| Total exports | 0 | 0 | 0 |
| Total imports | 520 | 900 | 1,240 |
| Imports from the U.S. | 210 | 350 | 450 |

Source: EITO - European Information Technology Observatory 2000 publication, AEA – American Electronics Association 2000 publication, IDC - International Data Corporation publication and published statistical data, Book of Statistics (import, export figures)

The Czech Republic is an important importer of U.S. telecommunications technologies for its fast growing market. Major opportunities are:

- broadband equipment for fixed lines and wireless networks,
- radio and cable network equipment,
- hardware and software for billing and accounting,
- value-added data services,
- data transfer technology,
- wireless e-commerce, and
- pre-paid services.

Financing is provided by telecom companies (most of local companies have foreign partners). On large projects, companies often look for a supplier loan.

2. **Automotive Parts and Accessories**

| | 1999 | 2000 | 2001 |
|------------------------|-------|-------|-------|
| Total market size | 2,600 | 2,600 | 2,700 |
| Total local production | 1,500 | 1,500 | 1,500 |

| | | | |
|----------------------------|-------|-------|-------|
| Total exports | 800 | 900 | 900 |
| Total imports | 1,900 | 2,000 | 2,100 |
| Imports from United States | 100 | 100 | 200 |

Source: Automotive Industry Association of the Czech Republic

U.S. firms will find major opportunities to sell automotive parts in the Czech Republic. The Czech Republic is the largest volume car producer in the Central/Eastern European region. In the aftermarket, we see best prospects for lighting equipment, car bulbs, filters, bumpers, shock absorbers, electronic equipment for car users (car phones, in-car entertainment, security equipment and car care products.) Excellent opportunities also exist for U.S. automotive suppliers interested in manufacturing in the Czech Republic or establishing joint ventures with Czech partners. Major clients are Skoda auto (the major Czech vehicle producer) and car manufacturers in Germany, Poland, Slovakia, and Hungary.

3. E-Commerce

| | 1999 | 2000 | 2001 |
|------------------------|------|------|------|
| Total market size | 25 | 70 | 250 |
| Total local production | 16 | 56 | 170 |
| Total exports | 0 | 0 | 0 |
| Total imports | 9 | 14 | 80 |
| Imports from the U.S. | 7 | 11 | 65 |

Source: IDC-International Data Corporation publication and published statistical data.

E-commerce in the Czech Republic has grown exponentially in recent years, bringing good prospects for US exports of equipment and services. Fast-growing e-commerce segments are:

- business to business (B2B),
- Internet banking,
- business to customer (B2C),
- information system development, and
- training and education.

Very high development is predicted for the Internet/e-commerce content market segment, launching of CRM portals (multi-functional portals), call center, marketing and cross selling, and events collection portals. The market value of end-user transactions has been estimated at \$40 million in 2000 and is expected to reach \$1 billion in 2004.

The B2B market segment stands for 80% of the total e-commerce market (mainly supplies of computer and IT hardware). Although the B2C segment represented less than one-tenth of the total market in 2000, market size is expected to triple in 2001.

4. Energy -Generation, Transmission, Distribution

| | 1999 | 2000 | 2001 |
|------------------------|-------|-------|-------|
| Total market size | 2,550 | 2,550 | 2,650 |
| Total local production | 2,700 | 2,800 | 2,850 |
| Total exports | 830 | 900 | 950 |
| Total imports | 680 | 650 | 650 |
| Imports from the U.S. | 130 | 130 | 190 |

Source: Czech National Bank, Ministry of Industry and Trade, Czech Energy Works (CEZ), General Inspectorate of Customs

Major opportunities in the Czech energy sector in coming years originate from market liberalization and sector privatization anticipated in 2001 (gas) and in 2002 (electricity).

Electricity: The Czech Republic is a potential buyer of U.S. control and safety systems for power plants, and burnt nuclear fuel storage systems. The country's eight distribution companies are expanding and upgrading grids to serve more users. Energy companies are replacing obsolete transformers and control systems.

Gas: U.S. export opportunities include pipeline construction and reconstruction, control systems, and underground storage construction.

5. Aircraft and Parts

| | 1999 | 2000 | 2001 |
|------------------------|------|------|------|
| Total market size | 205 | 215 | 240 |
| Total local production | 185 | 200 | 210 |
| Total exports | 184 | 190 | 205 |
| Total imports | 204 | 205 | 235 |
| Imports from the U.S. | 195 | 200 | 230 |

Source: Ministry of Industry and Trade, Czech National Bank, General Inspectorate of Customs

The Czech Republic is a significant potential buyer of U.S. aircraft. Major opportunities are sales of:

large passenger, regional, and business aircraft to Czech Airlines (CSA),

helicopters for medical emergency and Czech police, and

the potential sale of 24-36 supersonic fighters to the Czech Air Force.

In addition, U.S. manufacturers participate in several joint ventures with Czech aerospace firms: Boeing-Aero Vodochody, Novus Holding-Walter Jinonice, Honeywell-MoraAerospace. On December 4, 2000, the Czech government approved a temporary one-year tariff waiver for U.S. large civil aircraft, helicopters and certain spare parts. The Embassy is seeking a renewal of this waiver.

6. Leasing

| | 1999 | 2000 | 2001 |
|----------------------------|------|------|------|
| Total market size | 200 | 250 | 270 |
| Total local production | 30 | 50 | 50 |
| Total exports | 0 | 0 | 0 |
| Total imports | 170 | 200 | 220 |
| Imports from United States | 60 | 70 | 73 |

Source: Association of Leasing Companies of the Czech Republic

U.S. firms will find major opportunities to provide lease services in the Czech Republic. The Czech Republic is the 12th biggest leasing market in Europe, ahead of all other emerging Central and Eastern European markets. The Czech leasing market is very liberal and open to foreign competition. No license is needed for establishment of a leasing company; leasing companies are not subject to banking supervision. We see best prospects for leasing of machinery, trucks, office equipment, IT, software, agriculture machinery, and real estate. Profit margins in these commodities are much higher than in the EU countries. Cross-border leasing in the Czech Republic is also very advantageous for U.S. firms for the accounting and tax benefits it offers. Leasing contracts with the private services providers dominate. Small and medium-sized businesses and new entrepreneurs comprise the most important group of leasing clients.

7. Pension Funds

| | 1999 | 2000 | 2001 |
|----------------------------|------|-------|-------|
| Total pension funds assets | 925 | 1,049 | 1,206 |
| Total domestic fund assets | 360 | 334 | 180 |
| Total foreign fund assets | 565 | 715 | 1,026 |
| Total U.S.fund assets | 0 | 0 | 30 |

Source: Association of Pension Funds of the Czech Republic

U.S. firms will find major opportunities to provide pension insurance in the Czech Republic. The Czech Republic has one of the highest levels of private pension participation in the world. Buying into the four Czech-owned pension funds operating in the market offers the best opportunities for U.S. pension funds to penetrate the fast growing Czech pension market. Purchase of a free license from a holder of more licenses is also possible. State support of private pensions together with tax relief make pension insurance one of the most profitable ways of saving. A typical client is 48-49 years old.

8. Insurance

| | 1999 | 2000 | 2001 |
|------------------------|-------|-------|-------|
| Total market size | 1,600 | 1,840 | 2,000 |
| Total local production | 1,400 | 1,630 | 1,700 |
| Total exports | 0 | 0 | 0 |
| Total imports | 200 | 210 | 300 |
| Imports from the U.S. | 25 | 27 | 40 |

Source: Czech Insurance Association

U.S. firms will find major opportunities selling insurance in the Czech Republic. By Western standards, the Czech Republic is still extremely underinsured. The best prospect is life insurance (32.9% of all insurance in 2000, very low compared to almost 60% average in EU countries). Good prospects also include:

- catatrophic disease insurance,
- personal and product liability insurance,
- legal expense insurance,
- export insurance,
- agricultural risk insurance,
- business interruption insurance, and
- technical risk insurance.

The insurance market is expected to concentrate through mergers, acquisitions, and strategic alliances.

9. Water and Wastewater Treatment

| 1999 | 2000 | 2001 |
|------|------|------|
|------|------|------|

| | | | |
|------------------------|-----|-----|-----|
| Total market size | 150 | 170 | 175 |
| Total local production | 130 | 130 | 130 |
| Total exports | 0 | 0 | 0 |
| Total imports | 15 | 30 | 33 |
| Imports from the U.S. | 5 | 10 | 15 |

Source: Data compiled from Statistical Yearbook of the Czech Republic and other official and unofficial sources

Czech government estimates put the total cost meeting of EU environmental standards at \$6 billion of which \$2.5 billion should be invested in the water sector. The main issues are nitrogen and phosphorus removal (biological treatment) and the EU requirement for sewage systems and WWT plants for all towns with more than 2,000 inhabitants. About 99 new WWT plants, 21 new sewage systems and 141 upgrades will be needed. 85% of funds should come from private and municipal sources; the rest will be from the Czech Government, State Environmental Fund and EU funds.

10. Waste Management

| | 1999 | 2000 | 2001 |
|------------------------|------|------|------|
| Total market size | 90 | 120 | 135 |
| Total local production | 35 | 40 | 45 |
| Total exports | 0 | 0 | 0 |
| Total imports | 55 | 80 | 95 |
| Imports from the U.S. | 10 | 15 | 20 |

Source: Data compiled from Statistical Yearbook of the Czech Republic and other official and unofficial sources

Czech government estimates put the total cost for waste handling meeting EU environmental standards at \$700 million. The European Council directives focus on used tire disposal, biodegradable waste treatment, packaging and packaging waste recycling. As all Czech legal subjects will have to address these issues. These requirements can serve as a good starting point for U.S. environmental companies seeking to enter the Czech waste treatment market.

Other high potential markets

Other high potential markets for U.S. companies include:

- security services and equipment;
- pharmaceuticals

construction services; and
business services.

B. Best Prospects for Agricultural Products

1. **Soybean meal** (*HTS Number 2304*)

| | 1999 | 2000 | 2001 |
|------------------------|------|------|------|
| Total market size | 75 | 91 | 105 |
| Total local production | 0 | 0 | 0 |
| Total exports | 0 | 0 | 0 |
| Total imports | 75 | 91 | 105 |
| Imports from the U.S. | 40 | 50 | 60 |

The Czech Republic produces very little soybean meal due to unfavorable climatic conditions. Soybean meal, as an important part of feed mixtures, has to be imported. Most meal comes in through either Germany or Holland via barge or rail. Major U.S. competitors are Argentina and Brazil. U.S. statistics are Commercial Service rough estimates.

2. **Dried Fruits and Nuts** (almonds, pistachios, pecans, prunes, and other dried fruits and nuts)

(HTS Numbers 0802, 0813)

| | 1999 | 2000 | 2001 |
|------------------------|------|------|------|
| Total market size | 13 | 13 | 13 |
| Total local production | 3 | 3 | 3 |
| Total exports | 0 | 0 | 0 |
| Total imports | 10 | 11 | 11 |
| Imports from the U.S. | 5 | 5 | 6 |

Almonds are mostly imported from California. Even though the world price of almonds went down, imports to the Czech Republic remain constant. Almonds sell well in retail, especially in the hypermarkets. The processing sector, bakers and confectioners, are, however, looking for cheaper substitutes for costly almonds. The Almond Board of California is promoting almonds in the Czech Republic by holding seminars and participating at Snack Food shows.

3. **Rice** (*HTS Number 100610-100640*)

| 1999 | 2000 | 2001 |
|------|------|------|
|------|------|------|

| | | | |
|------------------------|-----|-----|-----|
| Total market size | 90 | 120 | 135 |
| Total local production | 0 | 0 | 0 |
| Total exports | 0 | 0 | 0 |
| Total imports | 13 | 13 | 13 |
| Imports from the U.S. | .74 | .1 | .6 |

Rice imports have grown steadily over the past few years, and will most likely continue to strengthen in the future due to rising incomes. Per capita consumption of rice in the Czech Republic has been growing the last several years and is expected to go up this year. Czech companies import bulk quantities and pack rice here, including a bigger variety of rice products packed domestically (wild rice, rice mixes etc.). Major suppliers of rice are India, Vietnam, Thailand, the United States and Egypt.

4. Spirits and liquors (*HTS Number 2208*)

| | 1999 | 2000 | 2001 |
|------------------------|------|------|------|
| Total market size | 36 | 33 | 34 |
| Total local production | 10 | 11 | 11 |
| Total exports | 6 | 6 | 6 |
| Total imports | 32 | 28 | 29 |
| Imports from the U.S. | 4.4 | 4.4 | 4.5 |

The share of U.S. imports of spirits and liquors from the U.S. is growing due to higher sales of bourbons. The Kentucky Distiller's Association promoted bourbons heavily in recent years, and this is the result.

Other sectors:

Although current U.S. exports are low, FAS also considers the following sectors to be good prospects:

- wine,
- seafood,
- snackfoods.

FAS's reports (general, Exporter Guide, and commodity) can be found on this web page: www.fas.usda.gov (Statistics for agricultural products are from the Czech Ministry of Finance.)

6. TRADE REGULATIONS, CUSTOMS AND STANDARDS

A. Trade Barriers

The Czech Republic is committed to a free market and maintains a generally open economy, with few barriers to trade and investment. However, some technical barriers continue to hamper imports of certain agricultural and food products.

American business people also often cite a convoluted, or in some cases, corrupt, bureaucratic system, at both national and local levels, which can act as an impediment to market access. European companies have sought on occasion to use the Czech Republic's interest in EU membership to gain advantage in commercial competition. Additionally, some changes to standards and other regulations are adopted in the guise of EU harmonization but act to protect Czech interest. Efforts to improve transparency in economic decision-making will improve these potential trade irritants.

A lack of consistency in the application of customs norms can also act as a non-tariff barrier. These problems are primarily due to the newness of recent regulatory changes and recent expansion of customs personnel. Training efforts are underway to correct the situation and address these concerns. All of the above should be eliminated or eased as the Czech Republic continues to harmonize its regulations with EU norms.

B. Customs Regulations/Tariff Rates

The Czech Republic is a member of the World Trade Organization (WTO) and has adopted a tariff code with an average tariff rate of 4.6 percent. Specific duty rates are published in the Czech tariff schedule based on the Harmonized System of Classification. As part of the free trade organization CEFTA (Central European Free Trade Agreement), which also includes Slovakia, Poland, Bulgaria, Hungary, Romania, and Slovenia, the Czech Republic offers more favorable customs duty rates on products originating in these member countries. In addition, the Czech Republic has an association agreement with the European Union as part of its EU accession process, and is lowering and or eliminating tariffs on an increasing number of industrial products under the agreement. Both scenarios mean that some U.S. products can face higher rates as compared to European competitors.

The Czech Republic adheres to WTO rules on customs valuation and therefore applies the same rules of customs valuation used by U.S. Customs for imports into the United States. Customs valuation is based on information provided by the exporter on the commercial invoice. Duties and taxes are levied on an ad valorem basis, that is, on the basis of the declared value of the goods sold. In view of its status as a member of the WTO, the Czech Republic applies no special import provisions.

C. Import Taxes

The value-added tax (VAT) applies to all goods, both domestic and foreign, sold within the Czech Republic. The VAT rate is generally 22 percent, although a lower VAT of 5 percent is charged for selected goods, such as food and pharmaceuticals.

Excise taxes are imposed on the following goods produced or imported into the Czech Republic: Fuels and lubricants, tobacco products, beer, wine and liquor. The rate is determined by the type and quantity of the product and must be paid within ten days after being notified by the Customs Office of the tax amount due.

D. Import License Requirements

The Czech Ministry of Industry and Trade issues import licenses to those seeking to import selected goods into the Czech Republic. While most products and services are exempt from the licensing process, oil, natural gas, pyrotechnical products, sporting guns and ammunition require a license.

E. Temporary Goods Entry Requirements

The following are the most relevant temporary entry rules for U.S. exporters:

1. Temporary exemptions from duty are allowed for certain items, such as merchandise samples and items for display at trade shows or exhibitions. The Czech Republic also accepts ATA carnets as a way of facilitating temporary admission through customs. For more information about obtaining a carnet for clearance of goods, samples or equipment intended for temporary entry only, contact your local U.S. Department of Commerce Export Assistance Center.
2. Companies exporting goods to the Czech Republic for the purpose of temporary use may do so as long as the period does not exceed 24 months (in some cases it is possible to extend this). The exact time period must be agreed upon with Czech Customs. When the goods are re-exported, three percent of the duty value per month that the goods resided in the Czech Republic must be paid if the goods were used (maximum will not exceed full duty amount). Exports to the Czech Republic of raw materials and certain semi-finished products that are processed before their re-export enter duty-free. This is contingent upon the approval by Czech Customs on the conditions of processing and the handling of any waste caused through transformation of the goods.

F. Import/Export Requirements and Certifications

U.S. companies are required to include a commercial invoice, a bill of lading and a shipper's export declaration (needed for items requiring an export license or valued above \$2,500) when exporting to the Czech Republic. In addition, the importer must issue a declaration of conformity for each product introduced to the market. Czech law specifies products that need to be certified by an accredited person before the declaration can be issued. Depending on the nature of the goods, a veterinary health certificate and/or a certificate of origin (for concessionaire customs rates, if applicable) can also be required.

G. Labeling and Marking Requirements

Labeling and marking requirements for products depend on the type of product and the intended use. In general, however, labels must be in the Czech language and can be affixed to the product or on a leaflet attached to the product. Information must include

the name of the product, name of producer, country of origin, and in some cases, instructions for use. Labels for some products, such as foods, beverages, food supplements, and textiles, must also provide content/composition. In addition, international norms for warning labels on consumer products apply. Czech labeling requirements are in the process of harmonizing with EU norms; the process should be finished in 2002. Czech importers and distributors are responsible for the correct labeling of products that are put on the Czech market and can typically advise the U.S. exporter of specific requirements regarding labeling and marking.

H. Prohibited Imports

The list of prohibited imports includes certain veterinary and plant materials, freon, non-registered pharmaceuticals and chemical, biological, and nuclear weapons.

I. Export Controls

The Czech Republic adheres to international export controls and works in close cooperation with the United States and other Western countries in implementing export controls on certain sensitive technologies. U.S. export controls on items exported from the United States to the Czech Republic are generally similar to those in effect on items exported to other Western European destinations. Contact the U.S. Department of Commerce, Bureau of Export Administration, Washington, D.C. (tel.: (202) 482-2547, fax: (202) 482-3617) for details on U.S. export controls.

J. Standards

The Czech Republic has begun accession negotiations with the European Union and is in the process of harmonizing its standards based on European norms. In this regard, ISO 9000 standards are being used increasingly in the Czech Republic as evidence of high product quality. Domestically, the "Czech Made" mark is the award given to products that are judged to be of outstanding quality, environmentally friendly, and favorable to energy consumption. This award is given to Czech products that are produced by a company or entrepreneur registered in the Czech Republic, with at least 60 percent Czech content in the cost of the final product.

K. Free Trade Zones

There are 10 free trade zones established in several cities throughout the Czech Republic. Materials, components and semi-finished products are exempted from customs duties or VAT if they are exported into a free trade zone. If the goods are then used in the manufacturing or processing of a final product that is then re-exported, it is also exempted from duties or VAT. Duties and VAT are applied on the declared value of the goods if they are cleared for free circulation within the Czech Republic.

L. Membership in Free Trade Arrangements

The Czech Republic is an associate member of the European Union and has recently begun accession negotiations for full membership. The Czech Republic is also a member of the Central European Free Trade Agreement (CEFTA) and has a special customs union agreement with Slovakia.

M. Customs Contact Information

Contact: General Customs Office, Budejovicka 7, 140 96 Praha 4, Ceska republika; tel.: (420 2) 6133-1111; fax: (420 2) 6133-3850.

7. INVESTMENT CLIMATE STATEMENT

An open investment climate has been a key element of the Czech Republic's economic transition. The Czech Republic's stable political and economic environment and well-qualified labor force make it an attractive location for foreign investment. Recent Czech economic growth is strong, but rapidly rising budget and trade deficits could put at risk continued growth in the medium term, particularly if currently strong direct foreign investments flows slow. The Czech government offers attractive incentives for foreign direct investment. Legally, foreign and domestic investors are treated equally. Enforcement of intellectual property rights is improving. The U.S. is currently the fourth largest investor in the Czech Republic, behind the Netherlands, Germany, and Austria. End summary.

A. Openness to Foreign Investment

An open investment climate has been a key element of the Czech Republic's economic transition. While the Czech Republic retains many hallmarks of macroeconomic stability, unfinished elements in the transition have hampered growth prospects, competitiveness, and company restructuring. The crucial role that foreign investment must play in the transition's next stage - deeper restructuring of Czech firms - should create more opportunities for U.S. investors.

There have been a number of major U.S. investments since 1990 and many American firms continue to look closely at investing directly into the Czech Republic as its relatively stable political and economic environment and well-qualified labor force make it an attractive place for foreign direct investment. While there have been many success stories, many investors have experienced problems with unclear ownership and a lack of information on company finances. Investors also complain about the difficulty of protecting their rights through legal means such as a secured interest. In particular, investors have been frustrated by the lack of effective recourse to the court system. The slow pace of the courts is often compounded by judges' unfamiliarity with commercial cases.

Organizational Structure of Investments: Foreign investors can, as individuals or business entities, establish sole proprietorships, joint ventures, and branch offices in the Czech Republic. In addition, the government recognizes joint-stock companies, limited liability companies, general commercial partnerships, limited commercial partnerships, partnerships limited by shares, and associations. The Czech government imposes a Czech language requirement for trade licenses needed for most forms of business. This requirement can be fulfilled by a Czech partner.

National Treatment: Legally, foreign and domestic investors are treated identically. Both are subject to the same tax codes and laws. The government does not differentiate between foreign investors from different countries, and does not screen foreign investment projects other than in the banking, insurance and defense sectors. Upon accession to the OECD, the Czech government agreed to meet (with a small number of exceptions) the OECD standards for equal treatment of foreign and domestic investors and restrictions on special investment incentives.

Exempted Sectors: According to CzechInvest, the Czech agency tasked with attracting FDI, all sectors of the Czech economy are open to foreign investment. Investors in banking, financial services, insurance and broadcast media sectors must meet certain licensing requirements. Some professions, such as architects, physicians, lawyers and tax advisors, require memberships in their chambers. These licensing and membership requirements apply both to foreign and domestic investors.

Privatization: Privatization programs are open to foreign investors. In fact, most major state-owned companies have been or will be privatized with foreign participation. The government does, however, evaluate all investment offers for state enterprises. Successive Czech governments have overcome political resistance to foreign investment in certain sensitive sectors. This opposition has come from economic nationalists as well as managers with an interest in the status quo. Examples include the petrochemical, telecommunications and brewery sectors. Currently, telecommunications and energy projects are subject to intense lobbying pressure from foreign governments or domestic interests. Non-transparent or unethical practices have also been alleged in connection with some privatizations. The government has placed a strong emphasis on rooting out corruption, making bidding criteria clear and the process transparent although practical results have been slow to follow.

B. Conversion and Transfer Policies

The Czech crown is fully convertible for business purposes, including all trade transactions and investment transactions with one exception: foreigners are not allowed to purchase real estate in the Czech Republic. A law lifting this ban for foreign companies or their branches doing business in the Czech Republic is currently pending in the parliament and if passed will enter into force on January 1, 2002.

Repatriation of earnings from U.S. investments is guaranteed by the U.S. - Czech Bilateral Investment Treaty. As of 2000, the former 25% tax on repatriation of profits from the Czech Republic was lowered to 15%. This level of withholding is reduced under the terms of applicable double taxation treaties. For instance, under the U.S. treaty it is 5% if the U.S. qualifying shareholder is a company controlling more than 10% of the Czech entity, 15% otherwise. There are no administrative obstacles for removing the capital. Convertibility into any currency is permitted by law. The average delay for remitting investment returns meets the international standard of three working days.

C. Expropriation and Compensation

The Embassy is unaware of any expropriation of foreign investment having taken place since the 1989 Velvet Revolution. Any acquisition of property by the government is now only for public purposes (similar to property condemnation in the United States for public works projects) in a non-discriminatory manner, and in full compliance with international

law. It is likely that any investors losing property due to expropriation would receive full compensation. In a recent investment dispute involving the private television station TV Nova and an American investor, the U.S. investor alleged actions taken by the Czech government were tantamount to expropriation. The issue is currently being decided by international arbitration.

Another issue of concern to foreign investors in the Czech Republic is restitution. In 1990 and 1991, the federal government of Czechoslovakia enacted various laws aimed at compensating those people whose property had been confiscated by the communist regime during the period of 1948-1989. Under the restitution laws, persons have the right to claim compensation for property taken from them by the communist government. Most claims for restitution of non-agricultural property had to be filed by October 31, 1991, and agricultural property by December 1992. There were additional open seasons for claims in 1994 and 1998 respectively but all deadlines for these claims expired on July 8, 1999. In 2000, however, a new Law to Alleviate Some of the Property Damages Caused by the Holocaust entered into force. It amends the restitution laws allowing the state, subject to certain conditions, to return communal Jewish property, works of art and land illegally seized by the Nazis to entitled Jewish communities and individuals.

The legal system recognizes preserved interests in property but due to inexperienced and overburdened courts, enforcement of these rights may be slow in practice. Because of the large number of restitution claims submitted, it is imperative that foreigners seeking to invest in the Czech Republic first ensure that they have clear title to all land and property associated with potential projects. While the process of tracing the history of property and land acquisition can be complex and time-consuming, it is necessary to ensure clear title. Title insurance is not yet offered in the Czech Republic. Investors participating in privatization of state-owned companies are protected from restitution through a binding contract signed with the government.

D. Dispute Settlement

The Czech Republic has a commercial code and a civil code that are based largely on the German system. The commercial code details rules pertaining to legal entities and is analogous to corporate law in the United States. The civil code deals primarily with the contractual relationships among parties. Most of these laws were promulgated under the former Czechoslovak government and when the Czech Republic was formed in 1993, the new Czech government maintained the previous commercial and civil codes. Czech law leaves many gray areas and due to the newness and inexperience of the Czech post-communist court system, judicial decisions may vary from court to court. Commercial disputes, particularly related to bankruptcy proceedings, tend to drag on for years. The judiciary is independent.

The largest private Czech TV station Nova is presently the subject of a high profile investment dispute between the company Central Media Enterprises (CME) and Czech businessman Vladimir Zelezny. The dispute is currently the subject of several international and domestic court cases and international arbitration under the U.S. – Czech and Czech – Dutch bilateral investment treaties. The International Chamber of Commerce Court Arbitration ruled in February 2001 that TV Nova's owner owed CME \$27 million for violation of contractual agreement. Enforcement of the arbitration is currently underway.

The need for an improved bankruptcy law remains an important structural impediment. Presently, there is a three to four-year backlog in the bankruptcy courts and only a small secondary market for the liquidation of seized assets. Most observers believe the slow and uneven courts and weakness of creditors' legal standing hampers the current bankruptcy law from acting as an effective vehicle for corporate restructuring. The new Justice Minister has identified bankruptcy reform as a priority and appointed a commission to draft a completely new, effective bankruptcy law to enter force in 2002.

The Czech Republic is a member of the New York Convention on the Recognition and Enforcement of Arbitral Awards, and as a member of this convention, it is required to uphold arbitration awards in disputes between Czech and foreign parties. However, arbitration of disputes between two Czech corporations outside the Czech Republic is not permitted, even if the owners are foreign. With respect to judgments of U.S. or other foreign courts, the rules are less clear.

E. Performance Requirements/Incentives

Investment Incentives: In 1998 the Czech government approved a six-point package of incentives to attract investment. The incentives are offered to foreign and domestic firms that make a \$10 million manufacturing investment through a newly registered company. The package includes tax breaks of up to ten years offered in two five-year periods; duty-free imports of high-tech equipment and a 90-day deferral of value-added tax payments (VAT); potential for the creation of special customs zones; job creation benefits; training grants; opportunities to obtain low-cost land; and the possibility of additional incentives for secondary investments and production expansion. The investment threshold for incentives is \$5 million in regions with the unemployment rate at least 25% higher than the national average. Investors in these regions may also receive up to 200 thousand crowns (\$ 5,000) for each newly created job plus 35% of the requalification costs.

The Czech Republic is in compliance with WTO TRIMs notifications and there are currently no performance requirements imposed on foreign firms for establishing, maintaining, or expanding their investments, except in connection with the incentives package described above. These performance requirements generally relate to the amount of investment or hiring of employees if receiving special job-creation grants associated with the incentive package. For more information contact CzechInvest, Director Mr. Martin Jahn, tel.: (420 2) 9634-2501, fax: (420 2) 9634-2502, address: Stepanska 15, 120 00 Praha 2, Czech Republic.

Foreign workers in the Czech Republic must obtain permits and visas in advance of their taking up employment and residence. The process of obtaining the required permits has encountered some delays since the introduction of a new foreign residence act in January 2000.

F. Right to Private Ownership and Establishment

The right of foreign and domestic private entities to establish and own business enterprises is guaranteed by law in the Czech Republic. Enterprises are permitted to engage in any legal activity with the exceptions noted previously concerning limitations in some sensitive sectors. Personal ownership of real estate by foreign individuals and companies is not permitted (see para 10). This restriction also applies to Czech branch

offices of foreign entities. Czech legal entities, including 100% foreign-owned subsidiaries, may own real estate.

G. Protection of Property Rights

Existing legislation guarantees protection of all forms of property rights, both intellectual and physical. Mortgages exist but in spite of government subsidy programs remain limited to those with working capital or property. They therefore are uncommon and foreclosures are difficult to implement. According to U.S. lawyers in the Czech Republic, creating and enforcing security interests remains problematic at best. Investors should be aware that protection of these rights may not be fully assured until there is stricter enforcement and improved legislation.

The Czech Republic is a signatory to the Bern, Paris, and Universal Copyright Conventions. Legislation protects all intellectual property rights, including patents, copyrights, trademarks, and semiconductor chip layout design. Amendments to the trademark law and the copyright law have brought Czech law into compliance with relevant EU directives and TRIPS. Recent changes to the civil procedure code, effective January 1, 2001, provide for ex parte search and seizure. The Czech Republic increased copyright protection for literary works from 50 to 70 years in the law amendment effective December 1, 2000, and boosted the powers of the customs service and the Czech Commercial Inspection to seize counterfeit goods. Based on these improvements, in 2001 the U.S. Government removed the Czech Republic from the Special 301 Watch List. The Embassy continues to work with U.S. industry and Czech government officials to improve further enforcement of IPR norms.

H. Transparency of the Regulatory System

In content and principle, the Czech competition policy meets OECD good practices and competition law institutions advocate respect for competition principles. Tax, labor, environment, health and safety, and other laws neither distort nor impede investment. Policy frameworks are consistent with market economy.

Bureaucratic procedures and unnecessary red tape remain a source of complaints by both domestic and foreign investors. This problem should be gradually eliminated as the neutrality, skills and co-ordination capacities of public administration receive increased attention by the government due to the EU harmonization process and OECD recommendations.

I. Efficient Capital Markets and Portfolio Investments

Foreign investors have access to credit on the local market, and credit is generally allocated on market terms. In the recent past, however, unhealthy ownership links between investment funds spawned by voucher privatization, banks and companies led to the issuance of non-competitive loans, hurting the financial health of the banking sector. These unhealthy linkages also led to a wide dispersion of ownership patterns, and consequent unclear corporate governance structures. This, combined with a lack of regulatory framework for capital markets in general and consequent numerous cases of financial fraud, led both international and domestic investors to limit their exposure to Czech capital markets. In 1998 the government created a Securities and Exchange Commission to function as capital market watchdog. The Commission has made

important strides in establishing a regulatory framework for Czech capital markets and enforcing the new rules, but its curbed authority and internal personnel difficulties have limited its effectiveness. Current Czech accounting regulations do not incorporate international accounting standards (IAS), sometimes leading to questions regarding the transparency of corporate accounting. However, there is pending in the Parliament and scheduled to enter into force on January 1, 2002, a new accounting law harmonizing with EU standards and requiring the use of international accounting standards (IAS) for consolidation of bills.

Currently, public notice and comment processes are used only to develop technical standards. OECD expects the Czech government to extend legal requirements for notice and comment procedures to all ministries and agencies during the development or amendment of regulation. Opportunities for comment on proposed regulations vary from ministry to ministry, some welcoming foreign expertise, while others are willing to share proposed laws and regulations only after approval by the government.

The largest and last Czech bank to be privatized, Komerční Banka, should be sold by the end of 2001 to one of four foreign investors whose offers are currently being evaluated. The health of the domestic banking sector remains weak as a result of the recent severe economic recession, poor payment discipline of many of the banks' clients, and non-competitive loans offered in the early 1990s. The government hopes to improve the health of the sector through stricter bank oversight, privatization and improved bankruptcy laws. As of March 31, 2001, the total assets of the Czech commercial banks stood at \$9.0 billion, plus \$12.9 billion of foreign currency reserves of the central bank. To the same date, classified loans amounted to 28.8% of total credit volume. This figure does not include \$3 billion of classified loans transferred to Konsolidací Bank, the Czech Republic's bad loan hospital.

Defenses against hostile takeovers are not designed to exclude foreign investors, nor are cross-shareholding arrangements used to discourage foreign investment through mergers and acquisition. Foreign companies have access to industry standards-setting consortia but access to legislation and regulations in the drafting stage is less transparent (see para 26).

J. Political Violence

The risk of political violence in the Czech Republic is extremely low. The Czech lands have never had a history of political violence or terrorism. Two recent historic political changes -- the "Velvet Revolution" which ended the Communist era in 1989 and the division of Czechoslovakia into the Czech Republic and Slovakia in 1993 -- occurred without loss of life or significant violence. The IMF/WB session in Prague in September 2000 was the first experience of serious street violence, generally by foreign protesters, the country had encountered.

K. Corruption

The Czech Republic ratified the OECD anti-bribery convention in January 2000. Required implementing legislation should help fight corruption more effectively through clearer definitions of "bribery" and "public official." Current law considers both giving and receiving bribes criminal acts, regardless of nationality. Jail sentences have been increased to up to eight years for officials, with stiffer penalties for bribery previously

enacted by Parliament. Bribes cannot be deducted from taxes. Law enforcement authorities are responsible for combating corruption. These laws are applied equally to Czech and foreign investors.

While there has been no lack of public accusations of bribery, few cases have reached the prosecution and conviction stage. Allegations of corruption are most pervasive in connection with privatization and government procurement. A new government procurement law, required for EU accession, and fuller introduction of the OECD Anti-Bribery Convention obligations should help curb illegal activities in this sphere. The Transparency International chapter in the Czech Republic has actively conducted a public information campaign through distribution of posters and engaged in numerous broadcast and print media interviews on corruption and bribery cases.

L. Bilateral Investment Agreements

The former government of Czechoslovakia signed a bilateral investment treaty with the United States, which came into effect in 1992. This treaty was carried over by the Czech Republic. To date, 66 countries have signed and ratified similar agreements with the Czech Republic. They include: Australia, Austria, Belgium-Luxembourg, Bulgaria, Canada, China, Denmark, Finland, France, Germany, Greece, Hungary, Israel, Indonesia, Italy, Jordan, Kazakhstan, Lebanon, North and South Korea, Mongolia, Norway, Paraguay, Poland, Russia, Slovakia, South Africa, Spain, Sweden, Switzerland, Thailand and the United Kingdom. In the process of ratification are agreements with Costa Rica, Pakistan, Panama, Zimbabwe, Algeria, Morocco, and Cyprus. A bilateral U.S. – Czech Taxation Treaty has been in force since 1993.

M. OPIC and Other Investment Insurance Programs

Finance programs of the Overseas Private Investment Corporation (OPIC), including investment insurance, have been available in the Czech Republic since 1991. Investors are urged to directly contact OPIC's offices in Washington for up-to-date information regarding availability of services and eligibility. The OPIC InfoLine (202) 336-8799 offers general information 24 hours a day. Application forms and detailed information may be obtained from OPIC, 1100 New York Avenue, NW, Washington D.C. 20527. The Czech Republic is also a member of the Multilateral Investment Guarantee Agency (MIGA).

N. Labor

The wide availability of educated, low-cost labor on the doorstep of the more expensive, Western European labor market is a major attraction for foreign investors, particularly those looking to invest in labor-intensive industries. Wages and benefits, which are only 10—20% of those in Germany, are on the rise, but it is estimated that the Czech Republic will still have lower labor costs in the year 2002 than those found in many neighboring industrialized countries. There are currently no shortages of special labor skills, though foreign investors still cite weaknesses in middle-management levels.

By law, all workers have the right to strike once mediation efforts have been exhausted, with the exception of workers in sensitive positions (nuclear power plant operators, military, police, etc.) Significant labor unrest remains rare, particularly in the private sector. Public sector unions have staged strikes, notably the rail workers' and health workers' unions, as the government tried to limit public sector wage increases. Increased

labor activity has been noted in mining and steel industries due to current economic problems. Workers in the Czech Republic have the legal right to form and join unions of their own choosing without prior authorization. Currently, about 30% of the total labor force are members of some labor organization. The overall number of union members has fallen since 1991 reflecting the fact that union membership is no longer compulsory.

The Ministry of Labor and Social Affairs sets minimum wage standards. On January 1, 2001, a new labor code entered into force, harmonizing domestic rules with EU. A standard work week has 40 hours. Caps exist for overtime and workers are assured 30 minutes of paid rest per work day and annual leave of at least four weeks per year.

O. Foreign-Trade Zones and Free Ports

Czech law permits foreign investors involved in joint ventures to take advantage of commercial or industrial customs—free zones into which goods may be imported and later exported without depositing customs duty. This duty need be paid only in the event that the goods brought into the Czech Republic are circulated in the local economy. The investment incentives package also calls for duty-free import of high tech goods and the potential to create additional foreign-trade zones.

Currently authorized foreign trade zones in the Czech Republic are: Cheb, Ostrava, Pardubice, Prague, Zlin, Trinec, Bor u Tachova, Uherske Hradiste and Hradec Kralove. Rules for operations within a commercial or industrial customs-free zone are the same as in the EU.

P. Foreign Direct Investment Statistics

According to preliminary data, provided by the Czech National Bank, in 1990 – 2000 the Czech Republic attracted \$19.2 billion in FDI. The Netherlands and Germany are the leading foreign investors with investments totaling \$5.7 billion (29.6%) and \$4.8 billion (24.9 %) respectively, followed by Austria with \$2.2 billion (11.5 %) and the U.S. with \$1.2 billion (6.2 %). Other major investors include Belgium, the UK, France, Switzerland and Slovakia. In both 1999 and in 2000, total FDI amounted to more than \$4 billion or 9.1 % of GDP, up from \$2.6 billion in 1998 and \$1.3 billion in 1997. The sharp increase of FDI since 1998 is generally attributed to the introduction of investment incentives and undervalued prices of domestic firms following the recent recession. Government officials anticipate a steady inflow of FDI, and the first quarter of 2001 FDI inflow of \$1 billion confirms this trend. By sector, in 1990 – 2000 FDI flowed into financial intermediation (\$3.5 billion or 18.2%), wholesale trade (\$2.9 billion or 14.9%), transportation and telecommunications (\$2.3 billion or 11.8%), manufacture of non-metallic mineral products (\$1.5 billion or 7.5%), and of motor vehicles (\$1.2 billion or 6.5%). Other sectors included manufacture of food products and beverages, energy and retail sale. FDI stock in 2000 (which includes reinvestment) totaled \$ 21.2 billion, or 51.0 % of GDP.

Czech direct investment abroad totaled \$726.8 million to December 2000. Principal destinations in 2000 included Slovakia (37.7 %), followed by Poland (25.6 %) and Russia (15.9 %).

Significant foreign investors include:

U.S.

| | |
|---|-------------|
| Phillip Morris | \$420 mil |
| National Energy Corporation, El Paso Energy, NRG Energy | \$400 mil |
| Pepsi-Cola International | \$200 mil |
| Konsorcium | \$177.6 mil |
| Ford Motor Company | \$115 mil |
| E.M. Warburg Pincus & Co. LLC | \$110 mil |
| Procter & Gamble | \$109 mil |
| Sensormatic Electronics Corp. | \$100 mil |

Other

| | | |
|-------------------------|-----------------------------|-------------|
| Telsource | The Netherlands/Switzerland | \$1.46 bn |
| Volkswagen AG | Germany | \$900 mil + |
| IOC | U.S./Netherlands/Italy | \$629 mil |
| Philips | The Netherlands | \$624 mil |
| AssiDoman | Sweden | \$499 mil |
| Asea Brown Boveri (APP) | Sweden/Switzerland | \$450 mil |
| Daewoo | Korea/Austria | \$357 mil |
| Primus | Belgium | \$250 mil |
| Glaverbel | Belgium/Japan | \$232 mil |
| Coca-Cola Amatil | Australia | \$200 mil |
| National Power | U.K. | \$200 mil |
| T Mobil | Germany/Italy | \$183 mil |
| Siemens | Germany | \$170 mil + |
| Dalkia | France | \$160 mil |
| Saint Cobain Group | France | \$153 mil |

| | | |
|------------------------------|---------|-------------|
| Toray Industries | Japan | \$150 mil |
| Continental AG | Germany | \$150 mil |
| MD Electronic | Germany | \$150 mil |
| Linde A.G. | Germany | \$150 mil + |
| Bass International Brewers | UK | \$143 mil |
| Dyckerhoff | Germany | \$104 mil |
| First International Computer | Taiwan | \$100 mil |

Official data of the Czech Statistical Office, the Czech National Bank, CzechInvest agency and OECD were used as sources of information in this report.

8. TRADE AND PROJECT FINANCING

A. General Availability of Financing

Although smaller sales of U.S. goods up to about US\$50,000 are common, above this threshold many small Czech businesses cannot afford or secure financing. A U.S. firm's ability to provide or arrange financing is often key to building significant market share.

Trade Finance

The most elegant solution for exporters of consumer goods and industrial components may be to offer your distributor a container of product on consignment, and to enable your distributor to use proceeds from the first container to finance additional containers. For higher-value items, financing is tricky, yet crucial. Lease-finance is an increasingly popular approach for equipment, vehicles, and other large capital items. Food exporters should consider the U.S. Department of Agriculture's GSM program (see contacts below). Non-food exporters should contact the U.S. Eximbank and Small Business Administration for information about their trade financing programs. In addition, a number of U.S. states and port authorities may offer financing assistance.

Project Finance

Because most Czech firms and government agencies lack expertise in assembling financing packages for major projects or acquisitions, your ability to aid them in this process will be a critical part of the sales process. In some cases, your willingness to help assemble financing will put you ahead of competitors; in still more cases, your ability to put together a financing package will create a market that otherwise would not exist. A very good first step in pursuing a large project is to contact the U.S. Trade and Development Authority for information about their grants to fund major project feasibility studies. These first-stage grants -- that can go as high as \$1 million -- are often the best way to get a major project moving.

When looking beyond the first stage into project development, your firm will probably find itself working with Czech counterparts to assemble a complex package from several sources. Possible sources of funding include:

- U.S. Eximbank (to finance U.S. equipment purchases)

- Local bond offerings (for municipal and government projects)

- Funding from International Finance Institutions (such as EU's Phare program and EBRD)

- Leasing

You may wish to work with a financial specialist with expertise in putting together financing packages in emerging markets.

B. Payment Methods

Most Czech firms use prepayment or partial prepayment with the balance due upon delivery or net 30-day terms. On shipments under US\$2,000, consider asking the buyer to pay by credit card. Czech firms are familiar with letters of credit, documentary collections, and wire transfer/cash in advance. Most would prefer not to use a letter of credit due to its high cost.

C. Foreign Exchange Controls Affecting Trade

The Czech crown is fully convertible and there are no foreign exchange controls.

D. The Banking System

Despite weakness in the general health of the Czech banking sector, U.S. firms will be able to choose between a number of foreign banks and large local banks offering highly professional service. Foreign and large domestic banks (such as Komerční and CSOB) offer corporate checking accounts and debit cards. Most payments are made by bank transfer; checks are rarely used. Internal bank transfers take one day; domestic transfers take three days; transfers between major U.S. and Czech banks usually take less than a week. Some Czech commercial banks offer brokerage, investment advisory and underwriting services.

The Czech government is looking to improve the sector's performance through further bank privatization, stricter bank oversight and simplified bankruptcy laws. The Czech National Bank (CNB) regulates banking operations. In response to the weakness of the sector and the financial irregularities which characterized it in the early 1990s, the CNB, in coordination with the government, has tightened prudential requirements, introduced legislation to separate banks' investment and banking operations, and increased supervisory staff. Further regulatory changes are expected in the run-up toward EU accession. The national insurance deposit scheme covers 90 percent of deposits up to US\$12,000, excluding foreign currency deposits.

E. Contact Information

Local Commercial Banks with Correspondent U.S. Banks

Ceskoslovenska obchodni banka (CSOB)

Na příkopě 14, 115 20 Praha 1

Ing Miroslav Klima, International Financing, Tel.: (420 2) 2411-8034, Fax: (420 2) 2422-5049

www.csob.cz , e-mail: mklima@csob.cz

Komerční banka

Na příkopě, Slovanský Dům, 114 07 Praha 1

Ing Hana Mitkovova, International Financing, Tel.: (420 2) 2243 5022, Fax: (420 2) 2421 8377

www.koba.cz , e-mail: hana_mitkovova@kb.cz

Zivnostenska banka

Na prikope 20, 113 80 Praha 1

Mr. Petr Merezko, Structured Finance, Tel.: (420 2) 2412-7204, Fax: (420 2) 2412-7273

www.ziba.cz , e-mail: merezko@zivnobanka.cz

Citibank

Evropska 178, 160 00 Praha 6

Mr. William Rocca, Corporate Finance, Tel.: (420 2) 3306-1372, Fax: (420 2) 2340-4613

www.citibank.cz , e-mail: william.rocca@citicorp.com

GE Capital Bank a.s.

BB Centrum, 140 25 Praha 4

Mr. Ivan Svitek, Financial Director, Tel.: (420 2) 2422-1111, Fax: (420 2) 2444-1500

www.gecb.cz, e-mail: ivan.svitek@gecapital.com

U.S. Investment Banks

J.P. Morgan International, LTD.

Mala Stupartska 7, 110 00 Praha 1

Mr. Johannes Kinsky, Director of Prague Office, Tel.: (420 2) 2482-6569, Fax: (420 2) 2482-7204

www.jpmorgan.com, e-mail: kinsky_johannes@jpmorgan.com

U.S. Venture capital funds

Winslow Partners, LLC

Narodni 41, 110 00 Praha 1

Mr. Michael Harris, Managing Director, Tel.: (420 2) 2422-1453, Fax: (420 2) 2421-8463

Winslow@winslowpartners.cz

Renaissance Partners

Blanicka 28, 120 00 Praha 2

Mr. Dalibor Jerabek, Executive Officer, Tel.: (420 2) 2225-2407, Fax: (420 2) 2225-1791

www.rp.cz, e-mail: Office@rp.cz,

Czech Government Sources

Environmental fund

Kaplanova 1931/1, 148 00 Praha 4

Ms. Radka Bucilova, Director, Tel.: (420 2) 679 94 301, 679 94 302, 793 65 88, Fax: (420 2) 793 65 85

www.sfzp.cz, e-mail: rbucilova@sfzp.cz

CzechInvest

Stepanska 15, 120 00 Prague 2

Mr. Martin Jahn, General Director, Tel.: (420 2) 9634-2500, Fax: (420 2) 9634-2502

www.czechinvest.org, e-mail: marketing@czechinvest.org

CzechInvest offers numerous financial and other incentives for foreign companies beginning major projects in the Czech Republic.

Financial/Lending Institutions

Export-Import Bank of the United States

Washington: 811 Vermont Ave., NW, Washington, DC 20871

tel.: (800) 565-EXIM (3946)

International Business Development Division, tel.: (202) 565-3900 fax: (202) 565-3731

NIS/Eastern Europe, fax: (202) 565-3816

Prague: Czech Export Bank, Vodickova 34, Prague 1

Miroslava Hrnčirova, Deputy Manager, tel.: (420 2) 2284-3111 fax: (420 2) 2422-6162.

Call 1-800-USA-TRADE for the location of your nearest U.S. Export Assistance Center.

The U.S. Export-Import Bank (EXIM) promotes the export of U.S. goods and services through a variety of loan, guarantee, and insurance programs. All of its programs are available for the Czech Republic. EXIM can guarantee U.S. commercial bank financing for U.S. exporters and provide lines of credit to Czech buyers through major Czech banks. Its export insurance programs provide insurance coverage against the risk of default on foreign receivables.

U.S. Trade and Development Agency (TDA)

1621 North Kent St., Suite 200 , Arlington, VA 22209-2131

Ned Cabot, Regional Director, tel.: (703) 875-4357; fax: (703) 875-4009, e-mail: info@tda.gov.

TDA promotes U.S. exports for major development projects in middle-income and developing countries. TDA funds feasibility studies, consulting projects, training programs, and other planning services related to major projects. Consulting contracts funded by TDA grants must be awarded to U.S. companies. U.S. involvement in project planning helps position potential U.S. suppliers for follow-on contracts. TDA has been very active in the Czech Republic in the environmental, telecommunications, energy, petrochemical and information management industries. CS Prague works closely with TDA and with Czech and American firms to identify potential projects.

Overseas Private Investment Corporation (OPIC)

1100 New York Ave. NW, Washington, DC 20527

OPIC Information Line: (202) 336-8799; OPIC Fax: (202) 336-8700. web: opic.gov.

OPIC is a self-sustaining, U.S. government agency that supports U.S. business investments in developing countries and emerging market economies. OPIC's key programs are loan guarantees, direct loans, support for private investment funds that provide equity to businesses overseas, and investment insurance against foreign political risk.

Commodity Credit Corporation (CCC)

Foreign Agricultural Service, U.S. Department of Agriculture, AG Box 1031, Washington, DC 20250-1031

Deputy Administrator, Export Credits, fax: 202-720-2949

web: www.fas.usda.gov/info/factsheets/gsmprog.htm.

For copies of GSM program regulations, call (202) 720-3224

The Commodity Credit Corporation (CCC) of the U.S. Department of Agriculture administers export credit guarantee programs for U.S. agricultural exports. The programs encourage exports to buyers in countries where credit is necessary to maintain or increase U.S. sales, but where financing may not be available without CCC guarantees. Two programs underwrite credit extended by the private banking sector in the United States to approved foreign banks using dollar-denominated, irrevocable letters of credit to pay for food and agricultural products sold to foreign buyers. The Export Credit Guarantee Program (GSM-102) covers credit terms up to three years. The Intermediate Export Credit Guarantee Program (GSM-103) covers longer credit terms up to 10 years. GSM financing is available to U.S. firms selling into the Czech Republic.

U.S. Small Business Administration

409 Third Street, SW, Washington, DC 20416

Paul Kirwin, Office of International Trade, tel.: (202) 205-6720, fax: (202) 205-7272

Call 1-800-USA-TRADE for the location of your nearest U.S. Export Assistance Center.

SBA offers an export working capital guarantee program, whereby SBA will guarantee up to 75 percent of a bank loan to provide working capital or a line of credit to exporters. This, in turn, can enable exporters to offer more favorable payment terms to their Czech buyers or provide working capital while export orders are manufactured.

Multinational Development Bank/other International Financial Institution Offices:

International Finance Corporation (IFC)

Washington: 2121 Pennsylvania Ave. NW, Room No. F-10K-160, Washington DC 20433

Harold Rosen, Director, Central & Southern Europe

tel.: (202) 473-8841, e-mail: hrosen@ifc.org

Esteban Altschul, Senior Investment Officer, tel.: (202) 473-5336, fax: (202) 974-4314

The International Finance Corporation (IFC), part of the World Bank Group, offers long-term project finance. IFC makes equity and debt investments in both Czech entities and joint ventures with foreign partners. The IFC is currently focused on investments in energy (and related environmental infrastructure), pulp and paper, telecommunications, wood processing, non-ferrous metal industries, and the steel industry.

Prague: Husova 5, 11000 Prague 1 Milos Vecera

tel.: (420-2) 2440-1402; fax: (420-2) 2440-1410, e-mail: mvecer@ifc.org.

Multilateral Investment Guarantee Agency

1800 G Street, NW, 12th Floor, Washington, DC 20433

Mr. Roger Pruneau, Vice President, Guarantees, tel.: (202) 473-6168

Stine Andresen, Manager: Eastern Europe , tel.: (202) 473-6157, fax: (202) 522-2630.

Like its counterpart OPIC, MIGA provides insurance to cover the risk of currency transfer, expropriation, war, and civil disturbance, and breach of contract by the host government. The Czech Republic is a member of MIGA.

European Bank for Reconstruction and Development (EBRD)

London: One Exchange Square, London EC2A 2JN, England

Gene R. Harris, SCO, tel.: (44 171) 588-4027/28, fax: (44 171) 588-4026, e-mail: gene.harris@mail.doc.gov

Alain Pilloux, Director, PCSB Team London HQ, tel.: (44 171) 338-6561, fax: (44 171) 338-7199.

Prague: Karlova 27, 110 00 Praha 1

Jacob Sadilek, Director, tel.: (420 2) 2423-9070, fax: (420 2) 2423-3077.

EBRD promotes private and entrepreneurial initiatives in the Central and Eastern European countries. EBRD supports private sector development, environmental cleanup, and infrastructure development. Like the IFC, EBRD can either work independently, or arrange co-financing packages in conjunction with other multilateral government and private institutions. U.S. companies are eligible to compete and bid on all EBRD-financed projects. Foreign joint ventures are one of the EBRD's main vehicles for financing.

European Union (EU) PHARE Program

Brussels: European Commission, 200 Rue de la Loi, 1049 Bruxelles

Mr. Ruud van Enk, DG IA, tel.: (32 2) 2995-071, fax: (32 2) 2957-502

Prague: Pod Hradbami 17, P.O. Box 292, 160 41 Praha 6

Stephen Collins, Head of Investment Section, tel.: (420 2) 2431-2835, fax (420 2) 2431-2850, e-mail: archiv@delcze.cec.eu.int.

The EU's PHARE program supports the Czech Republic's transition to EU membership. PHARE funding is being used to build infrastructure, strengthen public administration, and adopt EU legislation, and promote democratic institutions.

9. BUSINESS TRAVEL

A. Traveling in the Czech Republic

Visitors will find traveling in the Czech Republic to be much like traveling in Western Europe, except that costs are much lower for food and transport, particularly in the off-season (November through April). Basic English is widely spoken in most hotels and restaurants. International hotels and restaurants catering to foreigners accept major credit cards, although smaller hotels and restaurants may not. Currency exchange is widely available, as are korun-dispensing ATMS, which accept many U.S. bank cards.

Major cities have Western-style hotels, though you may consider reducing costs (and getting more local flavor) by staying in a smaller, non-business hotels. Many restaurants offer a wide variety of international cuisine. Prague menus are usually in Czech and English. Tap water is safe, though metallic tasting. Bottle water is widely available; infants up to one year old should be given special "infant water."

Prague has good Western-style medical clinics and English-speaking doctors and dentists at very affordable prices. For major operations and complicated illnesses, most Westerners return to the USA or go to nearby Germany or the U.K.. We recommend travel insurance sufficient to cover costs of medical evacuation out of country. Prague and most major outlying cities have pharmacies which stock most Western medicines, or which can order specialized prescriptions in 24 hours. It is not uncommon for U.S. prescription drugs to have different names in Europe. Travellers should carry prescriptions noting generic names. Keep all prescription drugs in original containers to avoid problems with Customs officials. In winter, Prague air pollution can pose problems for those with respiratory conditions.

Local telephone and mail services are good, usually reliable and inexpensive. U.S. long distance operators serve Prague through direct access numbers. Express mail is available through several companies.

In central Prague, visitors will often find walking faster (and more relaxing) than auto travel. The city also has fine, usually quick, public transit to most points. For trips outside Prague, we recommend hiring a car for the day.

B. Business Customs and Etiquette

Because Prague is a small, tightly-knit city, word-of-mouth reputation is extremely important, and news about you -- good or bad -- will spread quickly. Czechs are more reserved than Americans, and will be nervous about a typical American "let's get down to business" approach. Cold-calls and hard-sell tactics will be viewed as amateurish and even rude. Start slowly by building a few good relationships. Let your new Czech friends introduce you to their friends, and soon you will have a good business network. An attempt to take the city by storm with a flurry of quick meetings and barrage of e-mails is more likely to arouse suspicion than business. Czechs prefer to get to know you -- to learn about your background and your company, and then, if they are comfortable with you, get down to deal-making around the dessert course, or even at a follow-up meeting. Most Czechs want to build long-term, two-way business relationships, and will be put off by too much emphasis on an immediate sale.

Americans may feel that Czech business people are not warm and friendly. Czechs do not smile as a social signal of greeting, as Americans, Britons, and many other Westerners do, but only when they are amused or pleased. This can create a false impression that Czechs are cold or unfriendly. Also, Czechs are a more formal people than are Americans, and a serious demeanor is regarded as a sign of respect for the visitor and the business being transacted.

The business custom is to be punctual -- or even early -- for appointments and engagements. It is best to start arranging meetings several weeks before you visit, as Czechs are reluctant to arrange impromptu meetings at the last minute.

Czechs dress more formally than their American counterparts, preferring dark business suits and ties, and often vests. While a blazer or sports jacket is sometimes acceptable, Czechs find "American casual" a turn-off.

Titles are important, in both verbal and written address. For instance, university graduates usually use the title "Manager" (abbreviated as "Mgr"); those with law degrees are addressed as "Doctor" (abbreviated "JUDr."). Look at business cards to see how to address a contact. Business partners do not usually call each other by their first names, and Czechs may be offended if their foreign visitors address them by their first names without first being invited to do so. It may take several meetings to establish a sense of rapport and a more relaxed attitude.

Czechs are very gracious and will open a meeting with the offer of coffee, tea, water, juice, and cookies when they host business visitors. It is polite to accept at least a glass of water. Coffee and tea will be served in real china cups and juice or water in glass or crystal -- never plastic or Styrofoam. Business luncheons normally are more formal and leisurely than in the United States. Even if dining alone with one business contact, expect to order multiple courses and do not expect the lunch to be finished in less than two hours. Rushing through lunch because of the press of business is considered ill-mannered, and may be insulting to your Czech guest or host. Working breakfasts are not common in the Czech Republic. Although the Czechs regard the custom as an amusing American oddity, they are also very amenable to attending, as an offer of food is always considered gracious and the typical Czech working day starts early.

C. Security/Travel Advisories

The Department of State has issued five public announcements since October 1999 cautioning Americans worldwide to maintain a level of vigilance against potential terrorist incidents. All Americans are advised to be continually aware of their surroundings and be alert to suspicious activities or individuals. There are no outstanding travel advisories warning against travel to the Czech Republic. Prague and other Czech cities are very safe by U.S. standards, but visitors are encouraged to exercise common sense precautions and be particularly wary of Prague's famously efficient pickpockets. Be careful in and around train stations and when boarding and exiting trams. Taxi drivers, particularly those at train stations and those hailed on the street, are notorious for overcharging, sometimes becoming abusive or even violent if exorbitant fares are not paid. We suggest you phone for a taxi (your hotel can advise on honest drivers) or have the hotel arrange transport. If you must hail a taxi on the street, agree on an estimated fare with the driver in advance. Consult the State Department's website (www.travel.state.gov) for updates.

D. Visa Requirements

U.S. passport holders (not U.S. resident aliens or refugee document holders) may visit the Czech Republic for tourism or business without a visa for thirty days (extendable to a maximum of 90 days by application to the Foreigners Police). For this purpose, "business" is defined as consultations, negotiations, etc., but not employment reimbursed from an employer located in the Czech Republic. No extension beyond 90 days is allowed.

For stays of longer than 90 days or for purposes other than tourism/business, a new law requires any foreigner to obtain a visa in advance from a Czech Embassy or Consulate. Foreigners are no longer allowed to change their status from tourist to student or worker, or to extend their stay while still in the Czech Republic. Instead, a visa must be obtained from outside the country. The Czech Government expects that visa processing may take two or more months.

The 2001 law relaxed or eliminated some document requirements, extended the period for renewal of residence permits, allowed residence permits for children born to legal residents, and broadened possibilities. Details on how to apply for a visa are available from the websites of the Czech Embassy in Washington (www.czech.cz/washington), or from the Czech Interior Ministry (at www.mvcr.cz).

E. Entry of Computers, Software, Exhibit Materials

We are not aware of difficulties in bringing in computers, software, or exhibit materials.

F. Holidays

| | |
|-----------|----------------|
| January 1 | New Year's Day |
| (Varies) | Easter Monday |
| May 1 | Labor Day |
| May 8 | Liberation Day |

| | |
|--------------|--------------------------|
| July 5 | Cyril & Methodius Day |
| July 6 | Jan Hus Day |
| September 28 | Statehood Day |
| October 28 | Czech Founding Day |
| November 17 | Struggle for Freedom Day |
| December 24 | Christmas Eve |
| December 25 | Christmas Day |
| December 26 | St. Stephen's Day |

When scheduling meetings or events to which Czech business guests are invited, it is best to avoid Friday afternoon (and Friday morning, if possible), as many Czechs have country houses to which they travel as early as possible on Friday. Czechs regard weekends and holidays as near-sacrosanct family time, and they avoid allowing business to intrude on this time. As is the case in much of Europe, it is harder to make business appointments and contacts in the Czech Republic during August and close to major holidays, such as Christmas or Easter week. The work week is the standard 40 hours (Monday through Friday), although Czech working days tend to start - and therefore, end - earlier in many firms.

G. Phone numbers for Travellers

Communications:

| | |
|--------------------------|---------------------------------|
| Country code/Prague code | 420-2 + number |
| Prague area code: | 02 + number |
| To cellular phones | 62 or 63 + number |
| To U.S. | 001 or 551 + area code + number |

Emergency numbers:

| | | |
|---------------|-----------|--|
| U.S Embassy | 5753-0663 | www.usembassy.cz |
| - after hours | 5753-2716 | |
| - emergency | 5753-2715 | |
| Fire | 150 | |
| Ambulance | 155 | |
| Police | 158 | |

Vehicle Accidents 154

Medical Centers:

American Medical Center 807-756/9, 877-973 www.amcenters.com

Motol Hospital - adults 2443-3681, 2443-3682

- children 2443-3690

Hospital Na Homolce adults 5727-21 www.homolka.cz

- children 5727-2025

- dental 5727-2624, 5292-2611

- after hours 5727-2146

Transportation:

Airport Information 2011-3314

Taxi Services:

AAA Cabs 3311-3311 www.aaa.radiotaxi.cz

Profi 6131-4151 www.profitaxi.com

Express mail and couriers:

Fedex 4400-2200 www.fedex.cz

DHL 0800/103000 www.dhl.cz

UPS 2011-5011 www.ups.cz

Selected Hotels:

Hilton Prague 2484-1111 www.hilton.com

Holiday Inn 2439-3111 www.inn.cz

InterContinental 2488-1100 www.interconti.com

Marriott 2288-8888 www.marriott.com

Radison SAS 2282-0000 www.radisson.com

Renaissance 2182-2101

www.renaissancehotels.com

| | | |
|-------|-----------|--|
| Savoy | 2430-2111 | www.hotel-savoy.cz |
|-------|-----------|--|

(U.S. citizens and residents are prohibited by U.S. law from engaging in financial transactions with the Government of Libya or Libyan government-controlled entities. The U.S. Department of Treasury considers the Corinthia Group of hotels to be Libyan government-controlled. Corinthia Group hotels and restaurants are listed on the U.S. Embassy website.)

Banks:

| | | |
|-------------------|----------------------|--|
| Citibank | 2430-4111 | www.citibank.cz |
| GE Capital Bank | 2444-1111 | www.gecb.cz |
| Komerční banka | 2243-2111 | www.koba.cz |
| Ceska sporitelna | 6107-1111 | www.csas.cz |
| CSOB | 2411-1111 | www.csob.cz |
| American Express: | 2280-0280, 2422-7786 | www.americanexpress.com |
| - Credit cards: | 2421-9960, 2421-6853 | |

10. ECONOMIC AND TRADE STATISTICS

Appendix A: **Country Data**

| | |
|--------------------------------|---|
| Population (1999): | 10,282,784 |
| Population growth rate (1999): | -2.0 percent |
| Religion (2001 preliminary): | Roman Catholic (26.3) |
| | Protestant (Evangelical Church of Czech Brethren) |
| (1.3 %) | |
| | No religious affiliation (58.3) |
| Government system: | Parliamentary Democracy |
| Languages: | Czech |
| Length of Work Week: | 40 hours |
| Sources of data: | Statistical Yearbook of the Czech Republic |

Research Institute of Labor and Social Affairs.

Appendix B: **Domestic Economy**

| | 1999 | 2000 | 2001 |
|-------------------------------------|-------|-------|-------|
| (projected) | | | |
| GDP (billion current \$) | 53.06 | 50.7 | 54.8 |
| GDP Growth Rate (%) | -0.21 | 2.9 | 3.3 |
| GDP Per capita (\$) | 5,306 | 5,004 | 5,329 |
| Federal spending (%GDP) | 32.5 | 33.1 | 33.5 |
| All Government spending (%GDP) | 39.9 | 43.2 | 42.0 |
| Inflation (%) | 2.15 | 3.9 | 4.5 |
| Unemployment (%) | 9.4 | 8.8 | 8.0 |
| Foreign Exchange Reserves (\$bill.) | 12.8 | 13.1 | 14.0 |
| Average Exchange Rate (CZK to \$1) | 34.6 | 38.59 | 38.60 |
| Foreign debt (\$billions) | 22.9 | 21.5 | 22.5 |
| Debt Service Ratio (%) | 5.6 | 8.9 | 6.8 |

Sources of data: Czech National Bank, Ministry of Finance, Czech Statistical Office

Appendix C: **Trade**

Imports in the following table are according to country of origin, and exports are according to country of destination, in \$millions, f.o.b. basis.

| | 1999 | 2000 | 2001 (first 5 months) |
|--------------------------------|--------|--------|-----------------------|
| Total Country Exports | 26,845 | 29,054 | 13,970 |
| Total Country Imports | 28,864 | 32,549 | 15,230 |
| Trade Deficit | -2,019 | -3,495 | -1,260 |
| U.S. exports (to Czech Rep.) | 1,178 | 1,411 | 603 |
| U.S. imports (from Czech Rep.) | 655 | 801 | 454 |
| U.S. Trade Surplus | 523 | 610 | 149 |

Source: Czech Statistical Office

11. US AND COUNTRY CONTACTS

U.S. Commercial Service

American Embassy Prague, Trziste 15, 118 01 Prague 1
Tel.: (420 2) 5753-1162; Fax: (420 2) 5753-1165
web: www.usatrade.gov, www.cscentraleurope.org

Mr. Richard Steffens, Commercial Counselor
e-mail: richard.steffens@mail.doc.gov

Ms. Judy Ebner, Deputy Senior Commercial Officer
e-mail: judy.ebner@mail.doc.gov

Dr. Hana Jelinkova - Sectors: Telecommunications services, Internet, e-commerce
e-mail: hana.jelinkova@mail.doc.gov

Mrs. Hana Obrusnikova - Sectors: Energy, aerospace, heavy industry, construction, tourism
e-mail: hana.obrusnikova@mail.doc.gov

Mrs. Jana Ruckerova - Sectors: Auto parts/accessories, financial services, medical/dental/pharmaceutical
e-mail: jana.ruckerova@mail.doc.gov

Ing. Zdenek Svoboda - Sectors: water treatment, waste treatment, Environmental products + services
e-mail: zdenek.svoboda@mail.doc.gov

Mr. Ed Zawadzki - Sectors: Consumer Goods, franchising
e-mail: ed.zawadzki@mail.doc.gov

Ms. Lud'a Taylor - Sectors: business services
e-mail: luda.taylor@mail.doc.gov

Ms. Irena Michlickova - Sectors: Film, media
e-mail: irena.michlickova@mail.doc.gov

Mr. Ivo Hofman - Sectors: Security equipment
e-mail: ivo.hofman@mail.doc.gov

Ms. Petra Choteborska, Agricultural Specialist, Foreign Agricultural Service
Tel.: (420 2) 5753-1170, Fax: (420 2) 5753-1173
e-mail: choteborska@fas.usda.gov, web: www.fas.usda.gov

U.S. Department of State, Public Affairs section

Ms. Evelyn A. Early, Counselor for Press and Cultural Affairs
Hybernska 7a, 117 16 Praha 1

Tel.: (420 2) 2423-1085, Fax (420 2) 2422-0983
e-mail: early@pd.state.gov, web: www.usembassy.cz

American Chamber of Commerce

Mr. Weston Stacey, Executive Director
Mala Stupartska 7, 110 00 Prague 1
Tel.: (420 2) 2482-6551,2; Fax: (420 2) 2482-6082
e-mail: amcham@amcham.cz, web: www.amcham.cz

CzechTrade

Mr. Martin Tlapa, General Director
Dittrichova 21, P.O.Box 76, 128 01 Praha 2
Tel.: (420 2) 2490-7500, Fax: (420 2) 2490-7503
E-mail: infoc@czechtrade.cz, Web: www.czechtrade.cz

CzechTrade Chicago

Ms. Jana Sevcikova, director
address: Suite 489 The Merchandise Mart, Chicago, IL 60654
phone: (312) 644-1790, fax: (312) 527-5544
e-mail: sevcikova@czechtrade.tpo.cz, Web: www.czechtrade.cz/en/

CzechTrade USA, Miami

Mr. Roman Matyas
address: 5805 Blue Lagoon Drive
Suite 450, Miami FL 331 26,
telephone+fax: (305) 261-6313, (305) 261-6314
e-mail: matyas@czechtrade.cz, Web: www.czechtrade.cz/en/

CzechInvest, the Czech Agency for Foreign Investment

Mr. Martin Jahn, General Director
Mr. Rene Samek, Director, Marketing Department
Stepanska 15, 120 00 Prague 2
Tel.: (420 2) 9634-2500, Fax: (420 2) 9634-2502
e-mail: marketing@czechinvest.org, Web: www.czechinvest.org

Ms. Hana Lasslerova

CzechInvest, U.S. Office
Suite 489, The Merchandise Mart, 200 World Trade Center
Chicago, IL 60654
Tel: (312) 245-0180; Fax: (312) 245-0183
e-mail: czechin@ais.net, web: www.czechinvest.org

Economic Chamber of the Czech Republic

RnDr. Zdenek Somr, President
Seifertova 22, 130 00 Prague 3
Tel.: (420 2) 2409-6111, 2409-6252, 2409-6204
Fax: (420 2) 2409-6221, 2409-6257
e-mail: hrkal@hkcr.cz, web: www.hkcr.cz

Czech Office for Standards, Metrology and Testing

Ing. Libor Dupal, Director of International Relations Department

Gorazdova 24, 128 01 Prague 2
Tel.: (420 2) 2490-7111, fax: (420 2) 2491-4990
e-mail: dupal@unmz.cz, web: www.unmz.cz

General Directorate of Customs

Mr. Zdenek Richtr, General Director
Budejovicka 7, 140 96 Praha 4
Tel.: (420 2) 6133-1111, Fax: (420 2) 6133-2900

E-mail: podatelna-grc@cs.mfcr.cz, web: www.mfcr.cz

12. MARKET RESEARCH

U.S. Commercial Service Prague market research reports completed over the last two years include:

Energy Sector: Energy Services, Oil and Gas Storage and Transmission

Environmental Sector: Waste-to-Energy Equipment and Technology

Transportation Sector: Transportation - Overview, Travel and Tourism Services, Airport/Ground Support Equipment

Telecommunications/IT sector: Telecom Market - Overview, Telecommunications Services, E-Business Development , Internet Services, Value Added Telecom Services

Financial Services Sector: Banking , Insurance, Private Pension Funds, The Leasing Market

In addition, we provide flash International Market Insight (IMI) reports on rapidly emerging trade and investment opportunities and other developments. Our market research is available free-of-charge at www.usatrade.gov

If you require custom market research for your company's products or services, we provide the Flexible Market Research (FMR) program.

For additional information, consult the following sources:

Czech Ministry of Finance (economic and trade statistics): Web: [www.mfcr.cz/celni sprava/zahranicni obchod](http://www.mfcr.cz/celni_sprava/zahranicni_obchod)

Fleet Information Services (a daily English-language digest of Czech news); phone (420 2) 2100-4315, fax (420 2) 2422-1580; e-mail: podatelna-grc@cs.mfcr.cz; Web: www.mfcr.cz

13. TRADE EVENT SCHEDULE

Agriculture contact: FAS Representative: Petra Choteborska,
choreborska@fas.usda.gov

Zeme Zivitelka -- International Agricultural Fair

August 29 - September 4, 2002, Ceske Budejovice ; www.vystaviste.cb , e-mail:
info@veb.cz

PragaAgro -- International Fair of Agriculture, Food Industry, Forest and Water
Management

October 18-20, 2002, Prague; www.abf.cz , e-mail: forejtova@abf.cz

Automotive CS contact: Jana Ruckerova, jana.ruckerova@mail.doc.gov

Autotec -- Car and Truck Parts and Workshop Equipment

June 7-13, 2002, Brno; www.bvv.cz/autotec , e-mail: autotec@bvv.cz

CS Prague will host a reception.

Building/Construction CS contact: Jana Ruckerova, jana.ruckerova@mail.doc.gov

IBF - International Building Fair

April 23-27, 2002, Brno; www.bvv.cz/ibf , e-mail: ibf@bvv.cz

Chemical and Plastic CS contact: Hana Obrusnikova, hana.obrusnikova@mail.doc.gov

Chemtec Praha -- 8th International Fair of Chemical and Plastics Industry

October 9-11, 2001, Prague; www.incheba.cz , e-mail: chemtec@incheba.cz

Dental CS contact: Jana Ruckerova, jana.ruckerova@mail.doc.gov

Pragodent -- Dental Apparatus, Instruments and Surgery Equipment

October 31 - November 2, 2001, Prague, www.incheba.cz/pragodent/welcome.htm ,
e-mail: h.snohova@incheba.cz

Food contact: FAS Representative: Petra Choteborska, chorteborska@fas.usda.gov
Salima (Pivex, Vinex) -- International Gastronomy Fair (beer, wine fair)
March 5-8, 2002, Brno www.bvv.cz/salima , e-mail: salima@bvv.cz
FAS organizes educational seminars.

Vino 2002 -- International Exhibition of Wine and Spirits
May 21-23, 2002, Prague; www.volny.cz/vegoprag , e-mail: vegoprag@telecom.cz

Engineering CS contact: Hana Obrusnikova, hana.obrusnikova@mail.doc.gov
43rd International Engineering Fair
September 16–20, 2002, Brno; www.bvv.cz/msv , e-mail: msv@bvv.cz

Environment CS contact: Zdenek Svoboda Zdenek.Svoboda@mail.doc.gov
EnviBrno -- Innovative Environmental Technologies for 21st century
October 30 – November 2, 2001, Brno; www.bvv.cz/envibrno , e-mail: siwewin@bvv.cz
CS Prague will organize a reception.

Environmental Technologies Matchmaker Trade Delegation

October 22 - 26, 2001, Warsaw, Budapest, Prague

This Matchmaker will target the environmental technologies industries including equipment and services.

Molly Costa, USDOC, tel: (202) 482-0692, fax: (202) 482-0178, e-mail:
Molly.Costa@mail.doc.gov

IT/Telecommunications CS contact: Hana Obrusnikova,
hana.obrusnikova@mail.doc.gov

11th International Fair of Information and Communication Technology

October 15-19, 2001, Brno; www.bvv.cz/invex , e-mail: invex@bvv.cz

Telecommunications Trade Mission

December 2001, Warsaw, Prague, Bratislava

Beatrix Roberts, USDOC, tel: (202) 482-2952, fax: (202) 482-5834,
www.telecom.ita.doc.gov

Information Technologies Trade Mission

April 17 - 25, 2002, Warsaw, Prague, Budapest, optional stops in Bratislava and Ljubljana

Jon Boyens, USDOC, tel: (202) 482-0573, fax: (202) 482-0952,
www.ExportIT.ita.doc.gov

Machine Tools CS contact: Hana Obrusnikova, hana.obrusnikova@mail.doc.gov

3rd International Machine Tools Fair

September 16-20, 2002, Brno www.bvv.cz/imt , e-mail: imt@bvv.cz

Medical/Pharmaceutical CS contact: Jana Ruckerova, jana.ruckerova@mail.doc.gov

MEFA -- 9th International Fair of Medical Technology and Pharmacy

November 6-9, 2001, Brno; www.mefa.cz/mefa, E-mail: mefa@bvv.cz

Pragomedica -- Medical Equipment and Pharmaceuticals

April 9-12, 2002, Prague, www.incheba.cz/pragomedica/welcome.htm; e-mail:
pragomedica@incheba.cz

Medical Devices Matchmaker Trade Mission

May 2002, Warsaw, Prague, Budapest

Valerie Barth USDOC, tel: (202) 482-3360, fax: (202) 482-0975, e-mail:
Valerie_Barth@ita.doc.gov

Tourism CS contact: Hana Obrusnikova, hana.obrusnikova@mail.doc.gov

Holiday World '02 -- Central Europe's Premier Tourism Industry Event

February 7-10, 2002, Prague; www.ite-exhibitions.com/travel , e-mail: travel@ite-exhibitions.com

Major show organizers in the Czech Republic:

For updated information on trade shows or additional exhibitions, consult:

BVV – Brnenské veletrhy a vystavy, a.s., Web: www.bvv.cz , e-mail: info@bvv.cz

Incheba Praha, s.r.o., Web: www.incheba.cz , e-mail: m.holubova@incheba.cz